# The Financial Post

*The Canadian Newspaper for Businessmen and Investors*

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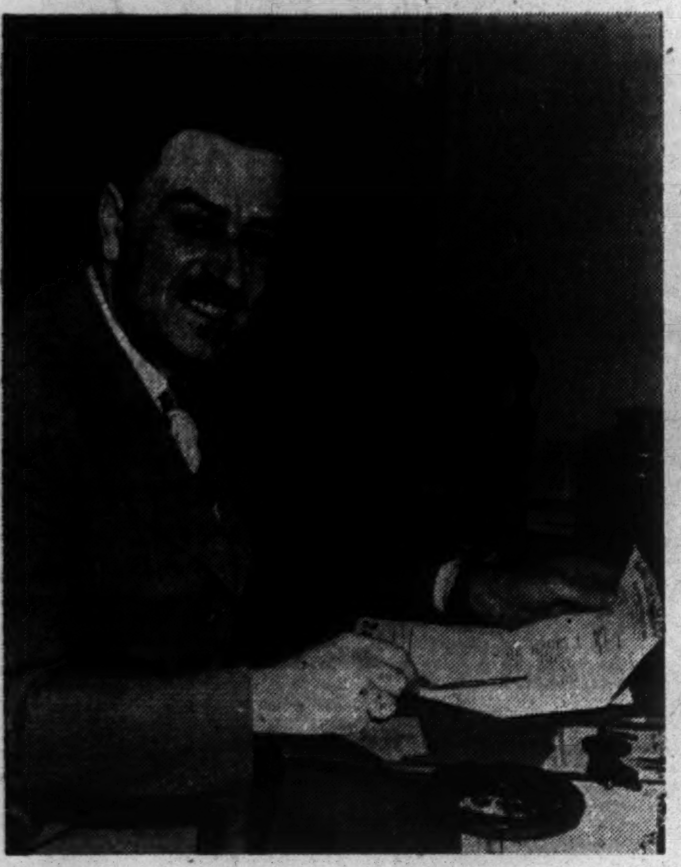
## Steel Strike Prober



**Maurice Lalonde, 45, has managed to keep himself remarkably unpublicized for a man who is lawyer, author, reporter and publisher. This week he finds himself very much in the public eye as a result of his efficient chairmanship of the Parliamentary industrial relations committee's strike probe. First elected to Commons in 1935, Maurice Lalonde is known as a "good member" which, freely translated, means that he looks after his constituents, isn't too voluble in the House and is well liked in the lobbies.**

THE NATION'S BUSINESS

## Must Make Up Mind On Arctic Defense

In this land-hungry world Canada's far north is like a reserved but empty space in an overcrowded parking lot. Until we occupy it ourselves, someone else will be tempted to move in.

Since 1939 the centre of world power has shifted sharply north and west, with Canada squarely in between the two greatest land and air powers. Almost overnight our long forgotten Arctic frontier has become our most vulnerable one.

It is very doubtful whether the average Canadian even dimly realizes the new situation in which we find ourselves but there are indications that our friends south of the line are better informed.

As recently revealed in The Financial Post, the U. S. Government is definitely interested in Arctic defense and development and, unofficially at least, co-operation with Canada has been broached. So far, however, there has been no public pronouncement from Ottawa but in the current number of the New York "Foreign Affairs" there is a significant contribution by L. B. Pearson, Canadian Ambassador to the United States. He writes:

> "The Canadian Government, while ready to co-operate to the fullest extent with United States and other countries in the development of the whole Arctic, accepts the responsibility for its own sector. There is no reason for sharing that responsibility except as part of any regional or general international arrangement for co-operation and control which may be worked out within the framework of the charter of the United Nations.
>
> "So far as Canada is concerned, she does not relish the necessity of digging, or having dug for her, any Maginot line in her Arctic ice. Peaceful development in co-operation with all the northern nations is Canada's sole desire..."

Everyone will hope with Mr. Pearson that peaceful co-operation within the United Nations will eventually solve this and other world problems. But it would be an optimist indeed who would refuse to take some precautions until there is more certainty that the era of wars and threats of wars is ended. Mr. Pearson intimates that in the meantime Canada should be careful to avoid possible criticism from other Arctic powers by accepting any aid or co-operation in defense from the United States. Such a policy follows closely the pattern of strict neutrality adopted by Belgium, Holland and certain Scandinavian countries prior to 1940. That policy, however, did not protect these countries from German invasion and moreover it made it practically impossible for rescuing powers to intervene successfully.

Canada would do well to remember that recent and tragic history when formulating its Arctic policy. It should also remember that in insisting on no fortifications along the U. S.-Canada boundary in actual practice we have combined the American northern defensive area with our own.

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## Who Orders Some of Our Strikes?

It is becoming more and more evident to an increasing number of people that the position of trade unionism in our society has to be reviewed and overhauled.

The urgency of such action was emphasized by the report of the commission investigating Russian espionage, which revealed the Soviet plan of establishing in Canada a "fifth column." Communists have shown immense skill in getting into key labor union positions though by no means always do they take "front man" positions. It is quite understandable that pulling the strings from behind scenes frequently suits their purposes better.

Canadians who have just been reading the espionage report will inevitably ask themselves this question: Where do orders for some of our big strikes come from, Canada, United States or Russia?

Speaking about Communism U. S. Attorney-General Clark recently declared:

> "No one but a complete crackpot can be deluded by what we see going on today. We know that there is a national and international conspiracy to divide our people, to discredit our institutions and to bring about disrespect for our government. Why should we blind ourselves to obvious facts? Here is a deep-seated and vicious plot to destroy our unity. No country on earth and no government can long endure this vicious attack."

Organized labor would greatly strengthen its cause if it were to do a convincing job of purging its communists. It is no longer possible to deny or obscure the fact that communist loyalty is to Russia. There is immense public tolerance for people who want to reform the state from within. But there is very little tolerance for fifth columns that want to keep us weak or to make us a colony of a foreign power.

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## Standardize Government Accounting

There should be strong support from businessmen for the recommendations of dominion and provincial statisticians and accountants recorded on page 11.

What these recommendations boil down to is a proposal for a standardization of governmental accounting methods and definitions. When the various governments of Canada have adopted these recommendations fully, it will be possible to compare the performance of individual administrations quickly and accurately. Today, such comparisons can only be reached after months of work by highly skilled men. Usually the comparisons cannot be completed until the figures on which they are based are two or three years old.

So long as each government uses its own set of accounting definitions, we will probably continue to have lengthy and inconclusive conferences between the Dominion and the Provinces. If our governments adopt the same financial language, we can at least hope to avoid the delays caused by misunderstandings in terminology.

Business as we know it is only possible because businessmen have agreed to talk the same financial language. Government is the country's biggest business and there would seem to be no good reason why governments should not follow proved business practice.

## Fairchild Shuts Down On Prefabs

### Plywood Shortage, Caused by Strike, Main Factor — Plan to Convert Plant to Millwork

MONTREAL (Staff)—Because of building material shortages, prefabricated house construction at Fairchild Aircraft Ltd.'s Longueuil plant came to a final halt last month when some 400 employees were laid off, a company spokesman tells The Financial Post.

The critical building supply situation first began to affect Fairchild's housing program in the first week of June when the company was forced to adopt a slow-down construction program. In the third week of June production came to a full stop; and final decision to halt all operations came in July.

Whether this will mean that Fairchild will permanently leave the prefab house construction field is a matter of conjecture, company officials say. If the supply situation shows no improvement soon, the company's house construction facilities will be utilized in manufacture of woodworking materials for the construction industry.

Final decision to stop production was the fact that the flow of plywood, necessary for continued plant operations, was stopped by the west coast timber strike. Also, agents through whom Fairchild was selling its houses were not able to obtain materials for house foundations. Shortages of such other housing materials as sewer pipe, nails and concrete merely aggravated the problem.

**Sites Another Problem**

The company, also, had not been able to assure the Government that it could put critical building materials into immediate use. A conventional builder normally commences the erection of a house before he has a sale arranged, on the theory that the present market will buy whatever he can construct. The policy of Fairchild is to make sales through agents; and the latter then encounter the problem of site construction, already overcome by the normal builder.

Orders received to date by Fairchild for prefabricated houses total 928, the company said. When plywood first became unavailable, construction at Longueuil totalled six a day on one eight-hour day shift, 48 hours a week. That rate had been

(Continued on page 2, col. 6)

## *Peace Envoys Even Split On Heads of Committees*

BY BLAIR FRASER

*Ottawa Editor, Maclean's Magazine, Mr. Fraser is the Maclean-Hunter representative at the Peace Conference in Paris.*

PARIS. — Even more than expected, the opening days of the Peace Conference have shown that great difficulties lie ahead.

Plenary sessions have so far been devoted to pious platitudes in which any suggestion of disagreement is unthinkable. But it is a different story in the Committee sessions. The rules of procedure committee met the second morning of the conference and spent the entire three-hour session debating the choice of its own chairman. This trivial issue showed the profound difference existing in the various powers' approach.

**Russia Backs Yugoslavia**

Western powers nominated Belgium's foreign minister, Paul Spaak, delegate to the San Francisco Conference last year, and an experienced diplomat of proved ability. They wanted him, not as a tribute to Belgium, but for his personal and technical qualifications.

Molotov nominated the Yugoslav delegate, Edward Kardelj, citing Yugoslavia's war record, contrasting her continuous resistance under Tito to the defeat of the Low Countries. The debate was icily polite, but there was tension beneath the smooth words and there were dull delays in translation. Molotov also used the argument that Yugoslavia has common frontiers with most of the enemy powers subject to these treaties. In other words, he argued that Yugoslavia, not Kardelj, rated the chairmanship—the fact that Kardelj speaks none of the three working languages of the conference was not mentioned.

An even deeper division was apparent among the experts in the group dealing with the status of Trieste. The foreign ministers were agreed on the principle of international government for Trieste, but secret discussion of details revealed a wide difference of view. The Soviets want a loose constitution with a minimum of authority placed in the international administrative body, and no right of investigation into whether the terms of the statute are actually observed. The Western powers, especially Britain, are suspicious, that this means Russia intends to rig the first Trieste election to contrive a Yugoslav majority in the Italian city.

(Continued on page 2, col. 3)

## Lumber Prices Must Rise On Coast, Dealers Insist

From Our Own Correspondent

VANCOUVER—The full meaning of price control to the retail lumber business of British Columbia coastal areas was unfolded this week when the British Columbia Lumber Survey, an organization representing more than 80 firms, with capital investments of more than $5 millions, filed a brief with Reconstruction Minister Howe and Prices Board Chairman Donald Gordon, asking for a complete and drastic revision of basic schedules for western Canada lumber prices.

The report declared that price ceilings in Prairie Province centres were more attractive than those in Vancouver—in one case, Manitoba retail prices are said 88% above Vancouver's—and charged that the discrimination was diverting large lumber supplies eastward, leaving coast lumber yards empty.

The brief gave a graphic statistical analysis of how a critical lumber "famine" has hit the retail yards, which in this area are the chief suppliers for dwelling construction.

**Deliveries Down**

In July, 16 Vancouver yards received a total of only 20,000 board feet of lumber (two shipments of 10,000 feet to each of two yards). In January, the same yards got 1,065,000 feet. Even before the forest strike, which cut down on production, the yards were suffering. In May, month before the walkout, they got only 532,000 feet of lumber.

One yard which in January obtained 251,000 feet, in May got only 86,000. Another was able to buy 180,000 feet from the mill in January; got only 87,000 in May; none in July.

Biggest reason for this drying up of coast retail outlets, the brief contends, is the western provinces' price schedules. The Timber Control's ceilings for Vancouver Forest District, Alberta, Saskatchewan and Manitoba vary widely.

In Vancouver the retail price on

(Continued on page 2, col. 1)

## St. Kitts Will Export Flanges

From Our Own Correspondent

ST. CATHARINES, Ont. — Tri-Sure Products Ltd. has shipped two carloads (about 400,000) of flanges and plugs for oil drums, to Brazil, in the past few days, The Financial Post is informed. Additional Brazil shipments will be made soon.

This is the first step in what appears to be a bright postwar export market for the Canadian firm established here in 1941 as a subsidiary of the American Flange and Manufacturing Co. of New York and Chicago.

An Amsterdam branch plant, destroyed during the war, will not be rebuilt, company officials report and present plans are that export markets, old and new, will be serviced from here. This includes European markets, British, South American and Mexican.

## Ceiling Change Seen in Canada Sequel to U. S.

### "Further Adjustments," But None Radical, Are Hinted in Ottawa

OTTAWA (Special)—Officials of the Wartime Prices and Trade Board will keep a wary but not unhopeful eye on the progress of the revised price administration in the United States, brought into being with President Truman's "Reluctant" signing of the compromise bill last Friday

The chief, if not the sole advantage at the moment, is the phychological effect of having some form of price control reinstated. However, until the recontrol decisions are made across the board in food products . . . at earliest on Aug 21 . . . a large part of the Canadian price control picture will remain uncertain.

Involved also in this Aug. 21 deadline, is the textile picture, as final disposition of prices is likely to depend on action taken in raw cotton prices. For the moment, there will be a jump of less than 20% in the new U. S. price ceilings on textiles under the new cotton-wool pricing formula.

Steel also may still find new levels, and there appears to be no assurance that the June 20 ceiling will be restored. Ceiling prices on pig iron have already been raised. However, there is some assurance in the new OPA measures that in this and other lines which vitally affect Canada's reconstruction program, there will not be runaway prices.

Over the whole picture, when it becomes clarified, the new OPA measure will probably mean slightly easier pressure on the Canadian price line than if no attempt had been made to reinstate controls. On the other hand, general adjustments of ceilings in the United States will almost inevitably bring some further adjustments on the Canadian front.

## *Andian National Expect Earnings Similar to 1945*

Earnings of Andian National Corp. should run around the same as last year as crude oil production is running about the same as in 1945, The Financial Post understands. Total oil production in Colombia for the first five months of 1946 was 9,641,000 barrels, up 14% from the 8,448,000 barrels in the similar 1945 period. The increase, however, is nearly all due to the Shell Oil subsidiary which came into production in June, 1945, and so production would not be expected to show the same increase for the balance of the year, The Post is told. In 1945 Andian National earned $2,283,446 or 90c. a common share. These earnings represent about a 10% increase from the 1944 earnings of 82c. a common share.

## *Strike of 400 in Soda Ash Plant Is Crippling Score of Industries*

By ROBERT R. ROBINSON

Octopus-like, a strike of 400 workers at the Amherstburg, Ont., soda-ash plant of Brunner Mond Canada Ltd. is reaching, eight directions at once, across Canadian industry. Its tentacles have cut off completely the Port Hope, Ont., refinery operations of Eldorado Mining & Refining and production at Electric Reduction, Buckingham, Que. They are slowly choking glass makers, pulp and paper people, manufacturers of soap, aluminum, nickel, silicates, and base metal mines using the flotation process. Secondarily, a holdup in the supply of glass containers to food packing firms may endanger this year's tomato ketchup pack, scheduled for mid-August.

How does soda ash figure in so many industrial pies? Chemically, soda ash is sodium carbonate, a combination of limestone and salt. In glass-making it is used as a flux, and glass production can only be in proportion to the amount of soda ash available for the job. Paper makers use soda ash in cooking sulphate pulp, but can continue at slightly reduced capacity without it. There is no substitute for the critical chemical in the making of silicated soda (in turn, used in both the paper and soap factories), but The Financial Post is told that shortage of this compound is not desperate. In mining, soda ash is a reagent in the flotation process, is used in large quantities by base metal producers, less by gold mines.

Soap makers say they are badly hit, particularly in cheaper grades of laundry soap, and already have had to cut down on some brands to stretch present stocks. Soda ash is also used in sugar and petroleum refining, iron and steel production, bleaching, wool scouring. In other forms, the same product appears in alkali for laundries and for bottle-washing in dairies and breweries, as a cleaning agent in meat packing plants, as trisodium phosphate for water softeners.

Soda ash is a bulky substance, which does not lend itself to big stockpiling. Besides, demand in past months has been high, keeping many users on a week-to-week delivery basis. Few carry more than six or eight weeks' supply, many less; and the strike has been on since July 12 at the only big Canadian soda ash plant. Demand in the United States rules that country out as a relief supplier; but there is a slim hope that the United Kingdom may come through with sufficient to keep Canada's most important users going.

Brunner Mond is linked with Solvay Process Co. in the U. S., which in turn is a subsidiary of Allied Chemical & Dye Corp. A report by Combines Investigator F. A. MacGregor states that two big Canadian users of soda ash were unable to find any supplier other than Brunner Mond and "the market appeared reserved for Brunner Mond Canada Ltd."

"The latter company," Mr. MacGregor's report said, "indicated that it had not entered into any international arrangement of a restrictive character. However, in view of the fact that the Canadian company is a subsidiary of a foreign corporation, the Canadian market might have been reserved for it by reason of arrangements made outside Canada by the parent company."

Named by F. K. Ashbaugh, WPTB co-ordinator of capital equipment and durable goods, as most directly affected by the soda ash tie-up are: Dominion Glass Co., Consumers Glass Co., Industrial Glass Co., Brompton Pulp & Paper Ltd., Noranda Mines, Deloro Smelting & Refining, Eldorado Mining & Refining Ltd., Electric Reduction Co., Hinde & Dauch Paper Co., Hudson Bay Mining & Smelting, International Nickel, and National Silicates. Also seriously affected, Mr. Ashbaugh said, will be Aluminum Co., Howard Smith Paper Co., Procter & Gamble, Lever Bros., North American Cyanamid.

Demands of the union, Local 89, United Automobile Workers (CCL-CIO) in this strike are: $2 a day increase in wages, a 40-hour work week, two weeks' vacation with pay, union security.

It is reported that, even after Brunner Mond workers return to the job, another 10 days will be needed to get furnaces, coke ovens and brine vats into running order.

## Driven Out of Own Waters Canadian Fishermen Charge

From Our Own Correspondent

HALIFAX—Nova Scotia's deepsea fishermen are being driven from the world's best fishing grounds, right on Canada's doorstep, by Spanish, French and Portuguese trawlers—and Ottawa maintains an eloquent silence on what bids fair to be a first-class international headache.

For the most part still using schooners rather than trawlers, Nova Scotian schooner captains now find foreigners trawling right through schooner areas, and destroying thousands of dollars' worth of lines, buoys and anchors.

Latest of many Lunenburg schoonermen to protest against the marauding trawlers, Captain Leo Corkum has appealed for a federal marine patrol to enforce law and order on the Northwest Atlantic fishing banks.

Corkum reported that for the first time since 1910 he had not been able to fish on Quero (Banquereau) Bank, off Cape Breton. A Spanish trawler had nearly rammed his vessel, the Irene Mary, and "deliberately swept through the Lunenburger's well-marked area, ruining gear worth several hundred dollars."

**Threaten Depletion**

He said, and other fishermen corroborate, that Quero has become so congested that schooners have to detour around it to avoid being run down by trawlers. These trawlers are dragging 24 hours a day and threaten to deplete Nova Scotian and Newfoundland banks very seriously.

The Federal Department of Fisheries has been collecting sworn statements from fishermen on the trawler-schooner "war," while Captain Ben MacKenzie, president of the Canadian Fishermen's Union, and Halifax newspapers are hammering the Dominion Government for action to protect both the schooners and the fishing grounds.

Only two days before Corkum's complaint, Capt. Willett Spindler of the schooner Isabel F. Spindler had reported that two unidentified foreigh trawlers had dragged through Spindler's marked area, ignoring warning whistles and shouts by crewmen, ripping and ruining lines, buoys and anchors. Captain Loran Ritcey of the Dot and Nellie suffered a similar loss, and Captain Carman Knock of the Merilyn Clair declared that he found it "impossible to continue fishing (on Quero) without losing our gear."

**Bid Canada Assert Self**

Hitherto, efforts of the trade and the CFU have been directed toward an international treaty for the control and conservation of the banks. Three factors now combine to suggest a different approach to the problem.

1. Since the end of the war, European trawlers have returned to the Newfoundland and Canadian banks in force. They have ignored fishing customs sanctified by the centuries, by deliberately sweeping through clearly marked schooner areas, it is charged.

2. The trawler threat will worsen steadily. Thirty big trawlers are being built for France by the United States, and many of these will operate out of St. Pierre. Portugal is resuming an ambitious trawler-building program interrupted by the war, and United Kingdom yards are booked up with orders for new trawlers.

3. The United States action in taking possession of its share of the continental shelf. Should Canada do likewise? What about the position of Newfoundland and France (representing St. Pierre et Miquelon) vis-a-vis their banks? And what, in any event, is the status of Brown's Bank in the light

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## Bank Employes Facing Charges In Black Mart

By ARTHUR STYLES

MONTREAL (Staff) — Investigation into Montreal's black market which accounted for disappearance of 1.5 million pounds of butter before it was uncovered and smashed last May, reached its final phase this week.

In Montreal police court Tuesday, Paul Emile Colette, described as a branch manager of la Banque Provinciale du Canada, was charged with having unauthorized ration documents in his possession and "entering into transactions . . . designed for the purpose or having the effect, of evading WPTB Order 464."

At the same time it was learned that RCMP had been asked to apprehend another man who will be charged under Section 467 of the Criminal Code with disposing of forged butter documents while employed as a branch manager of the same bank. A third man, Jean Paul Brouillet, 23, St. Hyacinthe, Que., has already been summoned and will face charges of giving away butter ration documents without authorization while an employee of the bank.

The charges against Colette date the butter coupon irregularities from Oct. 1, 1945, to May 23, 1946. It was in May that the black market was exposed, and criminal action instituted against those who were believed to be the ringleaders.

**Can't Handle Coupons**

The Financial Post is informed that charges were laid against some employees of la Banque Provinciale du Canada at that time and, when this action failed to eliminate irregularities in ration accounts, Ottawa withdrew the right of the Bank and all its branches to participate in ration coupon dealings after July 31.

Charges against Colette, Brouillet and others followed investigation of ration coupon banking records in the branches where they were employed. Operating on the same principle as regular bank inspectors, WPTB bank liaison officers audit the coupon banking records of Canada's 2,800 branch banks. Their examination, it is reported, produced the evidence on which the present charges are based.

Under the WPTB setup, it is pointed out, ration authorities are empowered to take either administrative or enforcement action against alleged offenders. Administrative action normally consists of the issuing of an order to force repayment of coupons illegally acquired or restitution by way of making an equal quantity of good coupons available. Enforcement action means prosecution.

Here is how the ration administration controls coupon banking operations:

**Where Coupons Go**

When an individual surrenders a ration coupon to a merchant, the retailer pastes it on a sheet provided by WPTB. The retailer deposits his coupons in "coupon accounts" which are maintained in the bank of his choice for each rationed commodity.

(Continued on page 2, col. 5)

## *Crop Prospect Still Excellent Despite Frosts*

From Our Own Correspondent

WINNIPEG—Crop prospects on the whole remain remarkably good in western Canada. It is, however, quite impossible as yet to assess the extent of damage which may have been done last week by extensive frosts in northeastern Alberta and northwestern Saskatchewan, where, up to that time, grain stands promised very heavy yields.

Wheat caught in the blossom can be completely destroyed by frosts which a few days earlier or a few days later would have been comparatively harmless. Probably some grain was so caught; but just how much, it will take some time to determine. Experienced crop observers disagree as to exact conditions in the area affected, and as to how much wheat was sufficiently advanced or retarded as to be able to recover. Even allowing for some considerable damage, the West might yet produce 500 million bushels of wheat this year.

## Inside News

### *Bears or Bulls Ahead?*

Where is the Canadian stock market heading? Does last week's sudden sharp break mark an end to the bull era, or is it only a temporary fluctuation? A number of investment advisors analyze the situation for The Financial Post, in the light of the trends of the past 20 years (p. 9).

### *Germany Not 100% Ruin*

Most German cities lie in ruins, and their residents are paying in squalor, disease and starvation, for Hitler's ambitions; but the picture is brighter in rural areas, where crops appear good, and the populace healthy. Rhinelanders say they were never Nazis; want to be incorporated with Westphalia, in a separate state, free from Prussian control. Chalmers' Diary (p. 10).

### *Big Saskatchewan Week*

Saskatchewan Liberals meet next Monday, to choose a successor to Ex-Premier W. J. Patterson, as party leader. Two days later, the national CCF convention opens in Regina, with storms threatening over allegations of lack of democracy in party procedure. Premier Garson of Manitoba is negotiating a tax agreement with Ottawa. Provincial Roundup (p. 3).

### *It's Ticklish Market*

Canadian industry (McNab's investment manager reports) is now undergoing a severe test, as to whether management can carry on business with strikes on the one hand, and Government controls on the other. He advises acceptance of a stock redemption offer now being made by one prominent company, but suggests holding the cash from another, pending a more definite market trend. Managed Investment (p. 5).

### *More Buying Insurance*

Insurance sales in Canada and Newfoundland, a healthy economic barometer, rose 53% in the first six months of 1946, over the corresponding period of 1945, to $588.8 millions, believed a new high on the present compilation basis. The increase is attributed to plentiful supply of money, increased public insurance consciousness, and short supply of many consumer goods (p. 16).

### *1946 Dividends Up*

Dividend payments in the first eight months of 1946 are likely to total $192,067,486, up 5.5% from the same period of last year, a preliminary estimate by The Financial Post states. August payments are estimated at $10,671,497, off 11.8% from the corresponding month of 1945 (p. 5).

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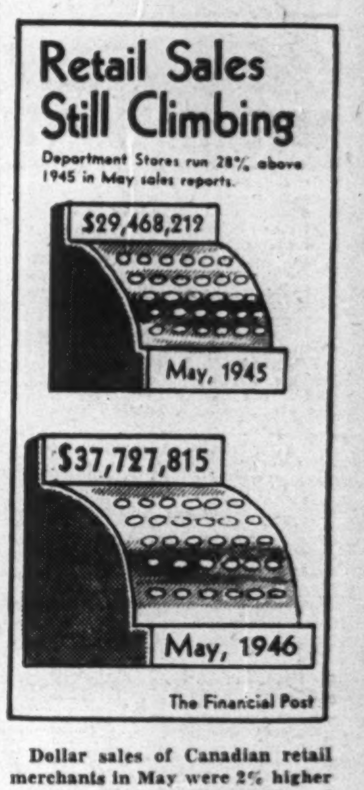
## Pace of Business



**Dollar sales of Canadian retail merchants in May were 2% higher than April and 19% over May of last year. The DBS sales index stood at 216.9 for May, 1946, 212 for April and 182 for May, 1945. Eighteen department stores and mail-order houses showed sales of $37,727,815 in May, a gain of 28% over the same month a year ago.**

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# Lumber Prices Must Rise On Coast, Dealers Insist

(Continued from page 1)

two-by-four, number one common, is $32 a thousand feet. In Manitoba it is $47.25, less freight . . . an increase of 10.19%. In Saskatchewan, the retail price is $43.75, less freight; in Alberta, $42 less freight.

### Say Lumber Goes East

The survey flatly contradicts Timber Control statements that 20 million board feet of lumber gets into the Vancouver market each month. It contends that eastern contractors are taking advanatge of the low Vancouver prices to buy their lumber here through "dummy purchasers" and shipping it east.

With no interprovincial lumber shipment barriers, it is contended, other lumber shipments are going straight to Prairie points where manufacturers can get the more attractive retail prices.

Members of the survey have suggested that the retail price be increased on this basis on two-by-four, number one common, from $32 to $36 a thousand feet. They want this price to be common to all Prairie and B. C. markets, with specific freight rates added at points of delivery to make the final retail prices to customers.

### Mills Fear Extinction

Meanwhile, 300 B. C. lumber mills which buy their logs on the open market say they face extinction unless ceilings on lumber prices wholesale are adjusted. They are now buying logs at prices $5 to $6 higher than a year ago, because last November, price ceilings on logs were suspended. They also face increased labor costs as a result of the 15 cents an hour wage increases granted workers in the industry following last month's strike. Only recently they had to reduce their export shipments in an arrangement worked out by Ottawa to put more lumber on the domestic market. But operators say that selling on the domestic market at present ceilings, they cannot break even; that their profits come from export sales, which have now been reduced.

It is understood reliably here that these mills have computed that an increase to $39 a thousand feet wholesale price would enable them to keep operating.

If this increase is made effective, the B. C. Lumber Survey says, its retail yards will seek a further adjustment of retail lumber prices to $52 a thousand feet, or $20 a thousand more than the present basic price on two-by-four No. 1 commons.

This increase, the Survey argues, will mean only an extra $300 to the cost of an average five-room bungalow, which uses normally about 15,000 feet of lumber. . . not $600 to $1,000 which Reconstruction Minister Howe said it would cost a homebuilder to ease price ceilings on lumber.

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**BELL TELEPHONE CO.** has notified the Montreal Stock Exchange that a further 915 shares of capital stock have been registered under the employees' stock plan. Issued capital at July 23 was 871,168 shares.

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# Driven From Own Waters N.S. Fishermen Charge

(Continued from page 1)

of the U. S. action? Is it now an American possession, Canadian, or nobody's baby at all?

### Charge "Bullying"

Since Quero Bank is currently the chief centre of fishing activity, it is temporarily the chief source of complaints about the foreign trawlers. The same "bullying" tactics have allegedly been employed on other banks and may be repeated, as the trawlers transfer their interest from bank to bank, and trawl 24 hours a day.

The immediate troubles are: (1) Nova Scotian schooners are constantly losing gear, expensive and not easy to replace; (2) Consequent both to this and to being obliged to detour around the trawler fleets, the schooners are losing both time and catches; (3) All the major banks are in danger of depletion.

Why, Nova Scotian interests ask, shouldn't the United Nations Economic and Social Council, which was created to serve just such a purpose, be called in to draft a convention for regulation of the world's richest fishing grounds, a convention which could be made into international law by the General Assembly of the United Nations under Article 62 of the UN charter?

### The U. S. Example

OTTAWA (Special)—Some exploration is being made here of the possibility of following U. S. example and declaring Canada's right to control coastal water extending to the edge of the continental shelf. Early this year President Truman, by proclamation, made what was in effect a polite request to other countries to co-operate in preserving such rights so far as the American coastline was concerned, his chief concern at the time being the Pacific coast fishing industry.

So far no complaints as to the Quero Banks situation which are sufficiently authenticated to warrant drawing them to the attention of the countries concerned have reached Ottawa; but officials here are under stood to be studying ways and means of correcting the situation.

A claim by Canada to the entire continental shelf would be in the nature of collaboration with the United States but would also involve consultations with Newfoundland and French Governments, which would be directly affected. Just how much such action would mean is not certain. It would not exclude fishermen from other countries from the territory and, except by international treaty, it might have little practical effect on Canadian jurisdiction.

An alternative suggestion, that Canada patrol the waters used extensively by Canadian fishermen, will probably be rejected as impracticable. The only usefulness of such a patrol would be to provide official observers if a patrol boat happened to be near by, to any acts by foreign fishing vessels which violated the international convention. To be of use even in this capacity, however, a sizeable fleet would be needed.

# Envoys Split On Committees

(Continued from page 1)

They, on their part, hold out for a strong international body, equipped with real power.

### Canada Would Speed Action

This dispute is not yet public, but it is virtually certain to create trouble. It may even lead to publication of four separate drafts of the Trieste statute, thus throwing the whole issue into open conference of the 21 powers.

Canada is taking no part in these discussions and disputes, but is already looking forward to completion of the conference. Foreseeing a time-table difficulty if the conference recommendations go before separate sessions of the Foreign Ministers' Council, Canada is suggesting that the Big Four maintain an informal continuous session during the conference so that suggested changes in the big powers' treaty drafts could be approved as they go along and the conference could end in the actual signing of treaties by all 21 delegation heads.

This agrees with the American view and will likely be supported by the other western powers generally. Whether the USSR will be agreeable, remains to be seen.

## Announcing

**Important Appointments in Canadian Industry, Finance, Business and Government.**

**Auto Fabric Products Co.** — St. Clair C. Holland, Montreal, a director.

**Bank of Nova Scotia** — Reid J. Smith, manager, main Branch in Toronto.

**Canadian Pacific Railway Co.**—C. R. Taylor, insurance inspector, western lines; J. V. Forrest, special representative to vice-president western lines.

**Canadian Shipping Board**—A. L. Hughes, director of shipping.

**J. H. Stafford Industries Ltd.**—J. D. Stafford, vice-president in sales supervision dept.

**Chemical Institute of Canada**—R. E. Hatsch, secretary-treasurer, Division of Rubber Chemistry; E. R. Rowzee, executive member.

**Canadian Food Products Ltd. (Toronto)** — John M. Pritchard, a director.

**Chief Constables' Association of Canada**—Alex Calder, Moose Jaw, president; Charles Barnes, Montreal, Horace McLeese, Saint John, vice-presidents.

**Dominion Government**—Dr. G. D. W. Cameron, Deputy Minister of Health; Theodore J. Monty, trade commissioner, Athens, Greece.

**Fittings Limited** — M. C. Deans, Toronto, director.

**Fairweather Ltd. (Toronto)**—Kenneth W. Petrie, manager.

**Ford Motor Co. of Canada (Windsor, Ont)**—Stewart C. McLaren, assistant general sales manager, in charge domestic sales; Horace H. Greenfield, sales manager, Ford & Monarch division; Morgan A. Snedden, sales manager, Mercury & Lincoln division.

**International Health Organization**—G. Brock Chisholm, executive-secretary.

**Lever Bros Ltd. (Toronto)**—Walter M. Lane, a director.

**Laura Secord Candy Shops Ltd. (Toronto)**—C. P. Moher, executive assistant to president; A. A. Audette, Montreal, vice-president; R. J. McGillis, manager.

**Molson's Ontario Ltd. (Toronto)**—Geo. H. Craig, Ottawa, vice-president and managing director.

**Nova Scotia Trust Co.**—Claude L. Sanderson, Yarmouth, a director.

**Phoenix of London Assurance Group**—Gordon A. Burness, casualty secretary.

**P. S. Ross & Sons**—George Smith, C.A., resident manager, Saint John, N.B.

**Sherwin-Williams Co. of Canada (Montreal)**—A. S. Keiller, general auditor.

**Saskatchewan Government**—Archie Campbell, manager, Government shoe factory; Miss L. E. Evans, school libraries supervisor.

# *Vincent's Conditional Offer Said Confusing Fleet Holders*

Widespread confusion in investment circles is attending this week's "formal offer" of Vincent Mining Corp., for Fleet Aircraft shares.

Vincent has said in effect, "Would you accept $9 if I am able to get as many shares as I want?" How many shares Vincent wants he does not reveal, though the general, understanding is that he wants at least a majority. This proposition, according to some, cannot be properly termed a "formal offer."

In effect, Fleet shareholders apparently are asked to tie up their stock until at least Aug. 15, the closing date of the offer, while Mr. Vincent has no definite obligation to go through with the transaction. Mr. Vincent's order for CabinCars (see The Financial Post, July 29, 1946) is conditional upon his obtaining manufacturing facilities and he and his associates are now said the largest single holders of Fleet shares. If the deal is consummated, sale or conversion of Fleet shares (one old for two new) is to be completed by Sept. 16, 1946.

Capitalization of Fleet Manufacturing will consist of 500,000 no par value shares, all issued. This compares with 200,000 authorized, 190,289 shares issued, of Fleet Aircraft, Ltd.

Harrison & Co., Toronto investment firm, is to act as fiscal agents for Mr. Vincent both in respect to the offer and in the formation of the new company, The Financial Post is told.

Referring to the order from Evans Operations Inc., New York, for 10,000 Cabin Cars a year (see The Financial Post, July 29, 1946), the offering letter states: "On this one order, there is an estimated conservative profit of $790.000."

# Pamour Needs 170 New Men

With only 330 men on the payroll, (500 are required to operate at capacity), Pamour Porcupine Mines is currently milling at 1,450 tons daily compared to capacity of 1,600 tons daily.

Earnings for the first six months of 1946 were $140,700 or 2.8 cents a share, the company recovering $3.43 a ton from 229,426 tons of ore milled during the period. Elimination of the exchange premium will seriously affect earnings of the company, President J. Y. Murdoch reports. Net profit per ton would have been reduced by 22 cents had the decrease been in effect in the first half of the year. Loss of 10% premium on the price of gold automatically renders noncommercial, a large tonnage of ore which could otherwise be mined and treated, if some other compensation is not provided, Mr. Murdoch reports.

Sinking of the new internal shaft, required to open the west part of the property, has just been well started below the 600-ft. level, but it is hoped this will be completed by the end of the year. At present living accommodation is available for 30 additional men.

## Look For It Here

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**WALTER M. LANE**

**has been appointed a director of Lever Bros. Ltd., of which he has been comptroller and secretary-treasurer.**

# Shawinigan Bldg. Contract is Let

MONTREAL (Staff)—Shawinigan Water & Power Co., through James Wilson, president, announced last week that Shawinigan Buildings Ltd. had awarded the contract for the construction of the new Shawinigan office building to J. L. E. Price & Co. Ltd., Montreal. Buildings formerly standing on the Dorchester and Beaver Hall Hill site have been demolished and excavation work for the new building will start immediately.

# Bank Employes Facing Charges

(Continued from page 1)

He makes out deposit slips, much the same as for money transactions, puts his coupons in sealed envelopes. These are accepted by the bank and forwarded unopened to a coupon audit centre, operated by the ration administration.

There the coupons are examined to see if they are valid or counterfeit, and correct in number. If there are shortages, the account of the retailer is debited. If there are counterfeit coupons, investigation is made and appropriate enforcement action taken.

When the merchant wants to replenish his stock of a rationed food, he writes a ration cheque against his account, authorizing the transfer of the required number of coupons to his supplier. The supplier in turn deposits that cheque to his credit and sends his own ration cheque to the primary producer. The producer sends his cheques to the ration administration along with his monthly report. In normal food transactions, these cheques and coupon deposits cancel out exactly. When discrepancies turn up, the ration board steps in to investigate.

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**CANADIAN PACIFIC RAILWAY CO.** gross earnings for the week ended July 21 showed a 17.5% decrease from a year before. Traffic earnings, at $5.2 millions, were down $1.1 millions.

*We Manufacture*
**Envelopes**
*for every purpose*
**Barber-Ellis of Canada, Limited**
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BRANCHES FROM COAST TO COAST

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**THORWALD HOTEL**

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Excellent meals featuring Sea Foods — Rooms with Private Baths — Moderate Rates — Easy to reach — Full particulars, Louise Girvan-Gordon Girvan, Canadian Representatives, 67 Yonge St. Wa. 7552—El. 5596.

Fire and Allied Lines Written in Associated Companies
**Lumbermens**
Agency Inquiries Invited
"THE SAFETY-MINDED COMPANY"

# Fairchild Co. Closed Down

(Continued from page 1)

maintained for three months, a company official said.

If the production stoppage becomes permanent, it is not considered likely that the total supply of new houses will be reduced by what Fairchild would otherwise have produced. Had Fairchild continued in production and made completed units, there would have been proportionately fewer bathtubs, nails, concrete, etc., available for other builders. In other words not plant capacity, but supply of materials, is the controlling factor in the number of houses constructed today.

### Switch To Millwork

Fairchild had unfilled orders on hand, exceeding plant capacity by 200 units. Though the company has a large inventory of houses at Longueuil, officials say that these have all been sold. The company still employs 100 men, nucleus of its original pre-fab staff, on finishing houses already under construction.

Plans are now well advanced to utilize present machine capacity to build such millworking items as kitchen frames and sashes, kitchen cabinets, counters, etc., for sale to the construction industry generally. It is understood there are no priorities on wood and the company says its supplies have been well provided for.

What the switch-over will mean in terms of earning power cannot yet be estimated, officials say. Though admitting that their shutdown during June and July cost them money, they voice confidence that their new operations will at least carry overhead, even if plant facilities are only partly used on woodworking orders.

Only other item now coming off the assembly line at Longueuil is the company's "Husky" airplane. In another week or two the company expects that this plane will receive the Government's blessing by way of a certificate of airworthiness. This certificate will enable the company to press sales of this line.

# *C.I.P. Co. Retires $15 Million Loan*

MONTREAL (Staff) — Canadian International Paper Co. took advantage of dollar parity last week by paying off $15.5 millions in United States bank loan. "There is no longer any reason to continue the loans," J. H. Hinman, company president, announced.

This loan was made last December by the company to pay off outstanding 6% first mortgage bonds. The money was borrowed on 1½% notes maturing July 1, 1949, from the Chase National Bank, Bankers Trust Co., and First National Bank of Boston.

"The company could have paid off these bonds out of funds then available but at that time would have had to pay a 10½% premium for the United States dollars in which the bondholders were entitled to payment," Mr. Hinman stated.

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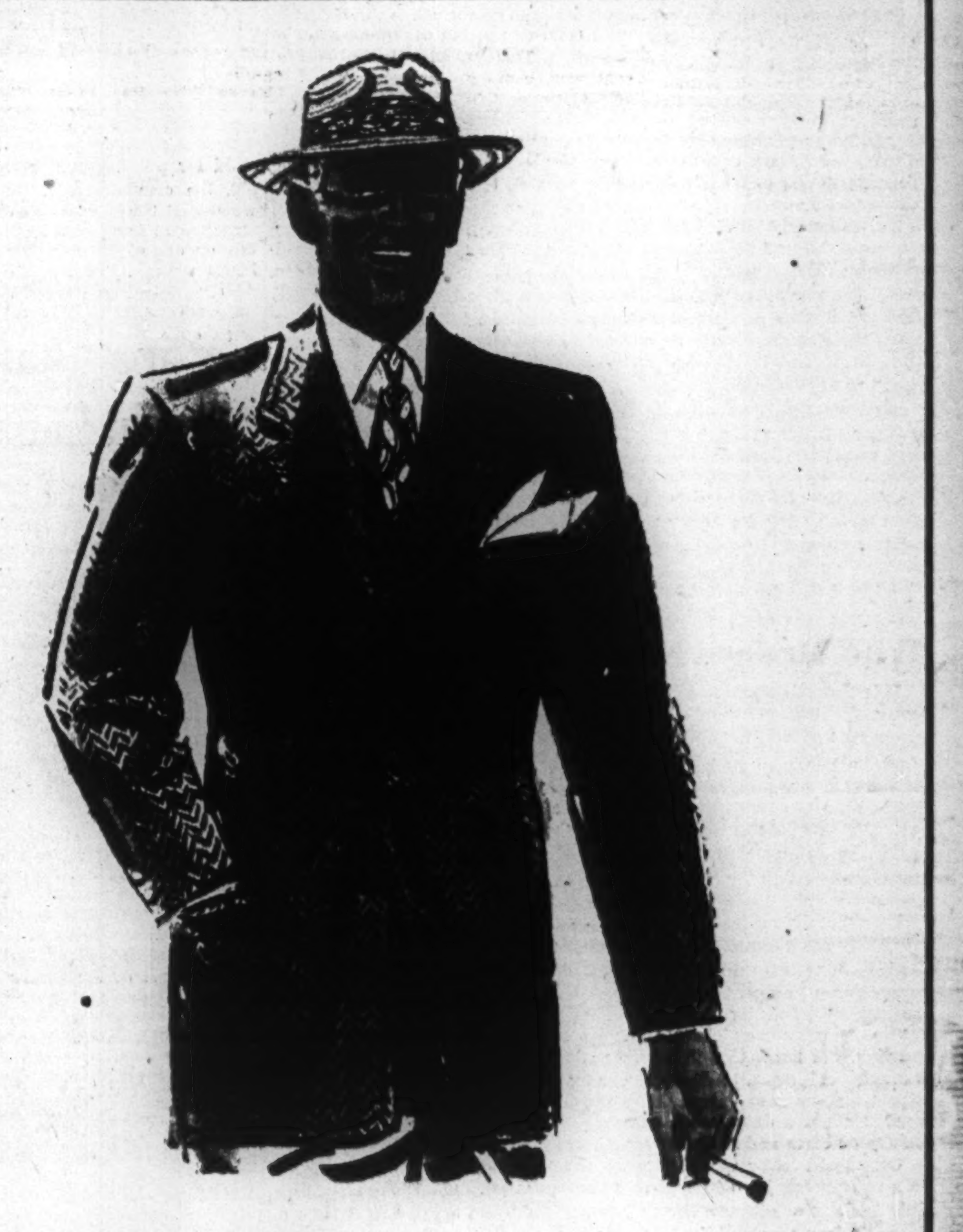

The Store for Men Features

**Distinctive Sports Coats**

More and more men are adding a distinctive sports coat to their Summer wardrobes . . . for casual comfort, for interesting contrast, for versatile wear. Simpson's is featuring an unusual selection of herringbones, overchecks, diagonals, donegals and many other outstanding tweeds in greys, blue-greys, tans, browns, heathers and teals. Easy-fitting lounge, drape or conventional models, single-breasted with two or three buttons. Sizes 35 to 44. Each $17 to 26.50.

The Store for Men *Simpson's* Second Floor.

# Maritimes

## Demand Quero Fishing Banks Made Canadian

Another international episode threatened in the Quero Banks off Cape Breton, strengthening the Canadian Fishermen's Union's demand that fishing banks off Nova Scotia be brought under Canadian jurisdiction. (See page one.)

**Equipment Bottleneck:** Nova Scotia found inability to obtain delivery of equipment from the United States a bottleneck in its highway construction program; nevertheless placed contracts for rebuilding of 241 miles of trunk and county roads, work on which is well under way, R. W. McColough, executive assistant to the Minister of Highways and Public Works, reported. The Department will rebuild 150 miles of county and local roads with its own equipment and men. In all, more than 400 miles of truck and county highways will be reconstructed in 1946, despite difficulties caused by a shortage of road building equipment. The program is split about evenly on a mileage basis between the two classes of highway. Only 16 miles of new pavement will be laid this year, but practically all trunk road reconstruction and some county roadwork will be preliminary to paving. The Government's announced intention is to pave another 700 miles by 1950.

R. W. McColough

**Mayor Fed UP:** Fed up with "buck-passing," Halifax's Mayor J. E. Ahern protested delay in relieving the city's "desperate" housing situation. Earlier, he had announced the city would soon take over the Provincial Exhibition property from the Army; now, he complained that War Assets Corp. had not given the green light by declaring the property and its numerous barrack buildings, "surplus." Civic authorities vainly sought a definite deadline for evacuation of the property by military forces. It "might" be Aug. 15, or perhaps Aug. 30.

**Pictou Asks Protection:** Pictou insisted that promised reconstruction of its dock facilities destroyed in a recent $1 million waterfront fire, include buildings of two new piers, this time in reinforced concrete, and extension of one undamaged pier, the three to give total dockage of 2,300 feet against the former 1,800 feet. New dredging in the harbor was also asked. Fire department officials called for a provincial fire training school. Thirty new fire departments have been organized in the province, and supplied with civil emergency equipment purchased from War Assets.

**Forest Fires Flare Anew:** One thousand men and boys fought renewed forest fires along New Brunswick's northeastern coast this week. An unidentified "bulldozer" operator was credited with saving Richibucto village from destruction, by running his machine into the flames and plowing a protective swath in front of oil tanks and pulp and lumber piles on the village outskirts. Three special trains stood by to evacuate residents of Shediac if necessary.

**In Memoriam:** New Brunswick paid tribute to a good neighbor and a former part-time resident, this week, when a cairn in memory of Franklin Delano Roosevelt was unveiled (Aug. 1) at Campobello, where the late U. S. President had a summer home. Sharing in the ceremonies were Mrs. Roosevelt, Lieutenant-Governor D. Laurence MacLaren, Premier John Babbit McNair, Dominion Mines and Resources Minister James Allison Glen, and others.

**Installment Fines?:** Police chiefs of Canada, in convention in Saint John, heard that Canada, in effect, still condones imprisonment for debt. Criticizing as "class distinction," the system which jailed convicted persons unable to pay a fine, J. Alex Edmison, executive secretary of the Prisoners' Rehabilitation Society, advocated an alternative system under which fines might be paid on an installment system.

**Demand Mail Subsidy.** Curtailment of Maritime Central Airways service threatened, unless a satisfactory mail subsidy materialized. The company, tentatively planning discontinuance of flights between Moncton, NB., and Greenwood, Yarmouth and Halifax, at the end of this month, said that between March 11 and and June 20, it had lost $16,455 on operations in that area. The company termed Ottawa's offer of 1½ mills per pound of mail per mile, inadequate, without a guaranteed minimum of at least 150 pounds a day.

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# Quebec

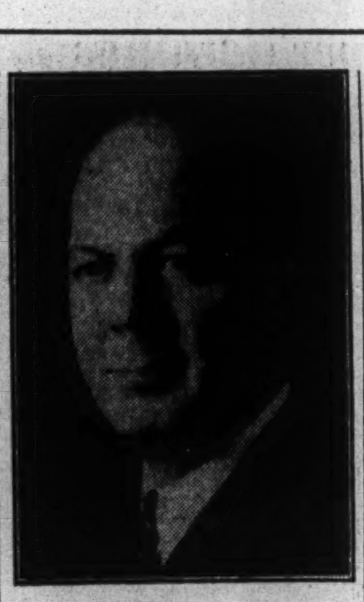
## Montreal Hears Blowoff Looming In Underworld

Was this to be the blowoff? Montrealers pondered whether the shooting of Harry Davis, 48, alleged kingpin bookmaker, would bring an all-out drive against the city's underworld, and possibly a wide shakeup in police administration. Demands for such action had been pressed by a citizens' committee, before the courts; D. Archie MacDonald, lawyer, and chairman of the crime prevention committee of the City Improvement League, had charged that Montreal's largest legitimate enterprise, "could not hold a candle to the gambling racket." Now, action appeared nearer. Gaming houses, both "book" and "balbo," meanwhile took a voluntary holiday, of unspecified duration.

**Unshed Tears:** Royal Canadian Mounted Police had a new enigma on their hands as the St. Lawrence filled with potential tears, in the form of tear-gas capsules—an estimated minimum of 6,000. The mystery heightened when an anonymous letter informed police at Pointe aux Trembles: "We only followed our orders and dumped them there . . . could easily give you details . . . if interested, publish an offer of a reward." (Tear gas used in the recent war, came in three varieties, categorized as CAP, BBC and KSK, all uncomfortable, and designed to kayo a combatant temporarily; none permanently harmful, unless in cases of prolonged exposure in confined quarters).

**Police Hunt Bigots:** As pilgrims trekked homeward to points as far distant as Alberta and many American States, police probed an alleged "fanatical attempt" to obstruct the annual pilgrimage to the top of 1,400-ft. high Mount Ste. Anne at Perce, Quebec. Rev. C. E. Roy, parish priest, charged that trees had been felled across roads leading to the shrine, that threats had been made to demolish the altar, and that signs bearing "sacrelegious inscriptions" had been posted.

**Destination, Australia:** The British cargo liner Empire Abercorn nosed her way out of Montreal harbor during the week end, marking the first passenger sailing from that port for Australia, since early war days. Aboard were 50 passengers, including a number of war brides and children who had been long awaiting transportation. Cargo included 5,000 tons of Canadian newsprint, eagerly awaited by Commonwealth newspaper publishers.



**W. H. HOWARD**

**has been elected President of the Montreal Trust Co.**

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# Ontario

## Protect Public Against Gouging On Fruit Sales

As Ontario garnered a record peach harvest, Agriculture Minister Thomas Laird Kennedy, himself a veteran fruit farmer, moved to protect the public from gouging; appointed 50 inspectors to check on quality and prices of peaches, tomatoes and potatoes offered for sale, after hearing complaints of abuses last year. Ontario apples were estimated at 85 to 90% of a normal crop.

**New Reform Era:** "A new era of penal reform" was promised Ontario by Reform Institutions Minister George Harrison Dunbar, home after a study tour of penal systems in Britain, France, Belgium, The Netherlands, Sweden, Switzerland. A new, model reform institution, to be built as soon as possible in the Ottawa Valley, will be the first of half a dozen such, to replace "old-fashioned and outmoded county jails." At the same time, Dunbar proclaimed himself convinced by his tour, that Ontario "is by no means behind the times in treatment and rehabilitation of lawbreakers"; is ahead of the Old World, in some regards.

**Haven From Hay Fever:** Travel and Publicity Minister George Arthur ("Tiger") Welsh, a veteran of two wars, envisioned a longer tourist season for Ontario; saw no climatic reason why September and October should not draw as many visitors as July and August. Specifically, he planned to sell hay fever sufferers throughout Canada and the United States, on the sovereign relief offered by Northern Ontario's cool, dry air.

"Tiger" Welsh

**Royal Guineas for Beef:** The Royal Winter Fair, a war casualty since 1938, was scheduled to resume in Toronto this year. Ontario Agriculture Minister Kennedy announced that the King's prize of 50 guineas will be awarded to the exhibitor of the champion baby beef steer or grade heifer owned and exhibited by a qualified member of a Boys' and Girls' Baby Beef Calf Club. Conditions of the contest stipulate that exhibitors, must have fed, cared for and fitted the calves themselves.

• • •

# Prairies

## Saskatchewan Liberals Meet To Pick Leader

Next week looked like a big one, politically, in Saskatchewan. Liberals were to meet in Regina, Monday, with the national CCF convention to open there two days later. Liberals were to choose a successor to William John Patterson, 60, for 25 years an M.P.P., 13 years a cabinet minister, 9 years Premier, 11 years party leader, who announced that he was through.

W. J. Patterson

Walter Adam Tucker, 49, M.P. for Rosthern, immediately announced that he could be had, and blasted at "the avowed Socialist policies and practices of the present (Douglas) Government, which are injuring our province and retarding its development." Another possible starter was Edward Milton Culliton, 40, Provincial Secretary from 1938 to 1944. But some observers believed Patterson could be persuaded to reconsider.

**Ask Democracy in CCF:** The CCF faced demands for democratization of its own ranks. Vancouver East branch pressed for a constitutional amendment, requiring all decisions on policy to be put before "representative bodies of the rank and file members"; complained that in the past, important decisions had been made without such action. Lethbridge protested expulsion of party members as a disciplinary course, terming it "harmful to the movement." British Columbia urged action toward calling a world Socialist conference.

**$40 Millions Worse Off:** "Of necessity," Saskatchewan was accepting Finance Minister Ilsley's budget offer, said Attorney-General John W. Corman, stressing however, that it left the province "$40 millions worse off" than under the terms proposed last April. "We do not intend," Corman stressed, "to stand silently by and see the people of Saskatchewan deprived of the advantages of promised social security legislation, merely because the Dominion and two provinces are at loggerheads."

Meanwhile, negotiating at Ottawa on the subject, Provincial Treasurer Clarence Melvin Fines was also reported seeking an agreement on outstanding treasury bills of $92 millions, owed by Saskatchewan to the Dominion (mainly for relief and seed grain during the dry and lean '30's). The province sought an assurance this debt would not be set off against concessions by the Federal Government.

**Not Crystal Clear:** The situation regarding new minimum wages grew no clearer rapidly. When new schedules were proclaimed, effective last week (The Financial Post, July 27), employers complained they had had insufficient hearings. When the board agreed to reopen the question, labor groups protested. Both sides were heard at the review. Board Chairman J. Williams announced that his "autonomous" tribunal "will not be dictated to" by either the Government or employers. Replied Labor Minister Charles Cromwell Williams (no relation): "I have enough confidence in this board, to predict that little or no change will be made." While almost everyone wondered what it all meant, the new schedules continued tentatively in operation.

**Twelve Good Men and True:** Saskatchewan, by authority of the Dominion Parliament, returned this week to the 12-man jury system, leaving the six-man jury in force only in Alberta. In the latter province, the number of challenges allowed a defendant was increased from three to six.

**Reluctant Assent:** Prepared to accept "of necessity," Finance Minister Ilsley's "disappointing" budget offer of separate provincial agreements, Manitoba's Premier Stuart Sinclair Garson was in Ottawa this week, to negotiate such a pact. With him went Public Works Minister Errick French Willis and Health Minister Ivan Schultz. Ilsley was on the high seas, en route to a UNRRA council meeting in Geneva; in his absence, Acting Finance Minister Douglas Abbott was to talk terms with the westerners.

Hon. D. C. Abbott

**Name Social Credit Day:** Social Credit was one step nearer either birth or death, as Chief Justice Horace Harvey named the day. On Sept. 16, the Appellate Division of Alberta's Supreme Court will rule on the validity of the Manning Government's Bill of Rights, enacted in April (providing for creation of a five-man board of credit commissioners, to evaluate the Province's economic resources, as a basis for future social credit dividends).

**More Coal for East:** Five caterpiller bulldozers were working 24 hours a day, to shear a million cubic yards from a strip mine at Camrose (50 miles southeast of Edmonton), in an effort to keep Ontarians warm next winter. The mine hoped to produce 100,000 tons of coal for Eastern Canada, the bulk of it for Toronto. The province reported total June output of 636,416 tons, up 19,310 from a year before.

# WestCoast

## Repudiates CCF Over Criticism Of Court Order

E. A. Lucas, Vancouver lawyer, broke with the CCF (as whose candidate he ran a poor third in Vancouver South in 1945); announced his resignation from the party, in protest against an editorial in the CCF News, criticizing Judge A. M. Harper for granting an anti-picketing injunction in the printing strike.

**Mayors on Ice:** Vancouver's Mayor J. M. Cornett, "a bit of a skater in my day," was willing to try it again. Taking up an open challenge from Montreal's Camillien Houde, to outskate any other mayor in Canada, Cornett offered to meet him in a contest, benefits to go to the Red Cross. Planning to visit his home town in Dundalk (Grey County) Ontario, next week, he suggested Toronto's Mayor Robert Saunders might help the event along by providing the ice.

J. M. Cornett

**Beef Strike Spreads:** The buy-no-beef campaign spread westward from Winnipeg. Vancouver housewives this week demonstrated outside three large stores, exhorting their sisters to join in a buyers' strike, in protest against rising beef prices.

**ST. LAWRENCE CORP.** registrars have advised the Montreal Stock Exchange that the company's issued and outstanding capital at July 19 was 581,299 shares of common and 264,028 shares of class "A" preferred. At the end of 1945, there were 580,114 shares of issued common and 264,028 shares of preferred.

**PRICE BROS. & CO.** registrars have informed the Montreal Stock Exchange that as at July 20, there were 546,584 shares of common stock outstanding, a reduction of 1,273 from Dec. 31, 1945.

Schools and Colleges

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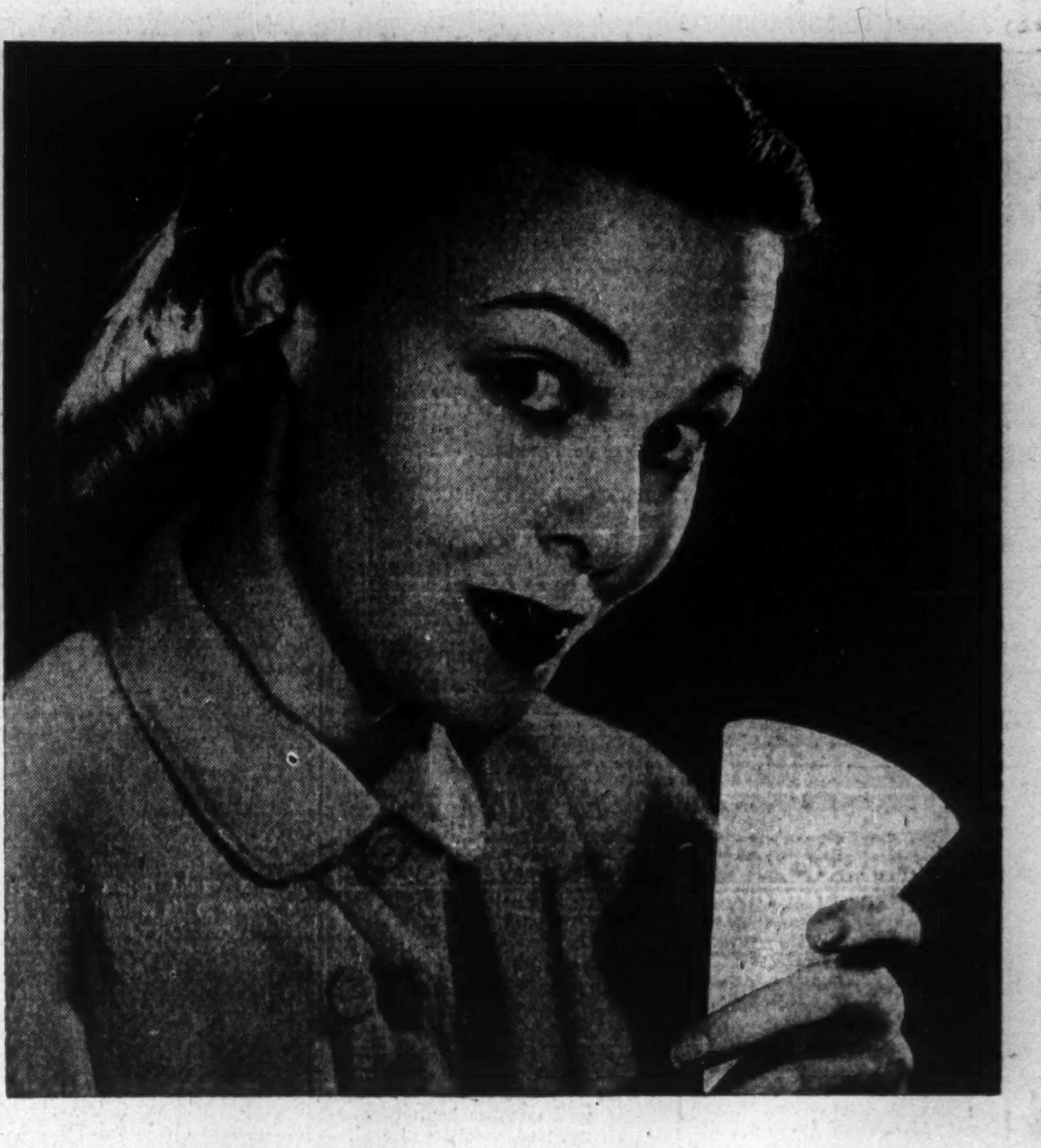
VALENTINE & MARTIN LTD.

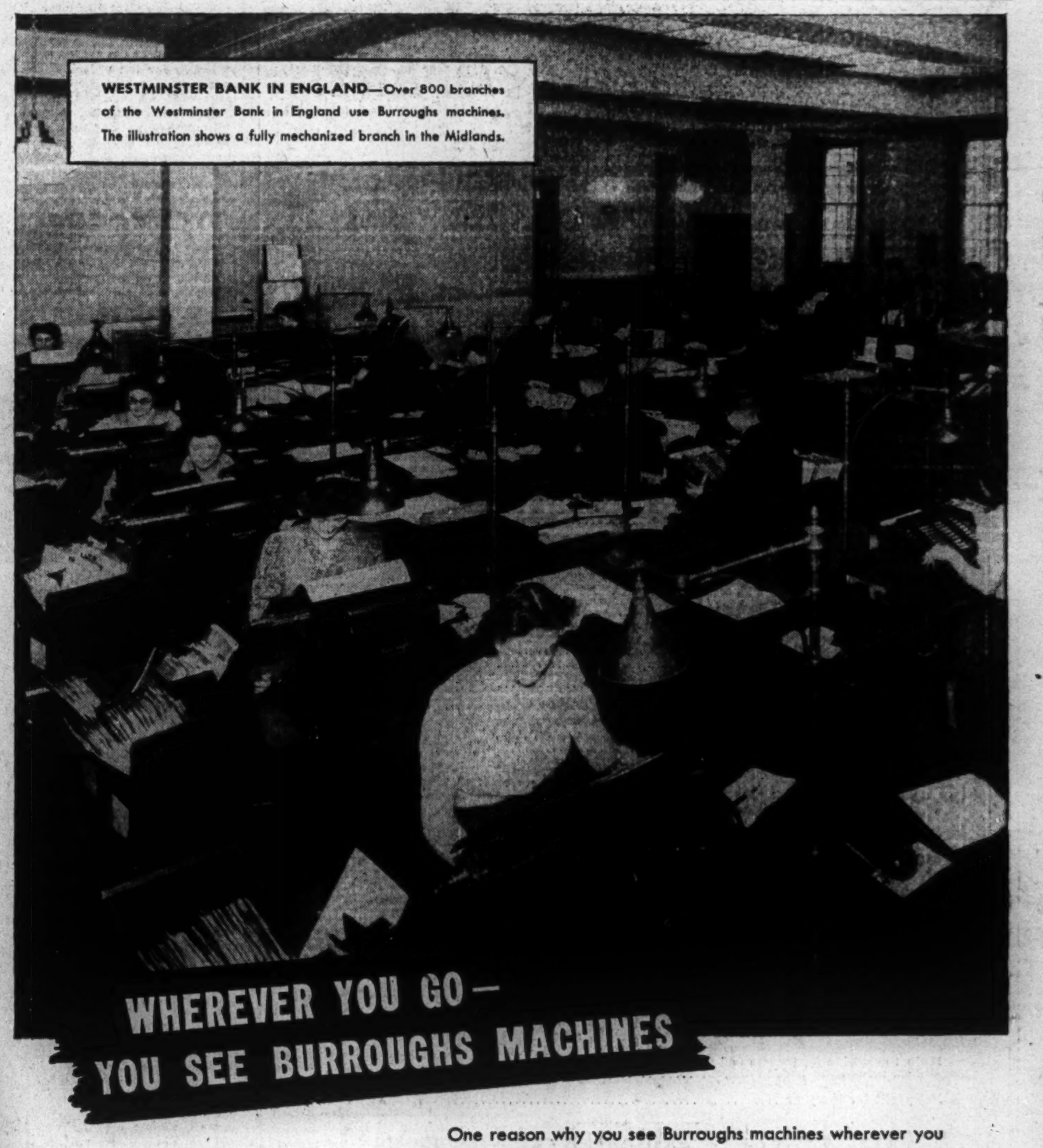
Kitchener, Ont.



"you bet I'm particular...I always prefer fresh, clean DIXIE CUPS and VORTEX CUPS"

And the lady's right—after all it's *her* health that's at stake! Whether working in office or factory, women are sensitive when it comes to cleanliness about food and drink. You owe it to them and to yourself to provide the protection of individual Dixie and Vortex Cups.

DIXIE CUP COMPANY (CANADA) LTD., 100 STERLING ROAD, TORONTO, CANADA



WESTMINSTER BANK IN ENGLAND—Over 800 branches of the Westminster Bank in England use Burroughs machines. The illustration shows a fully mechanized branch in the Midlands.

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One reason why you see Burroughs machines wherever you go is that Burroughs has always been first in meeting the new and changing needs of business and industry with machines of advanced design, construction and operation. Today, research into customers' future requirements—carried on in close cooperation with business men the world over—continues at an accelerated pace. More trained, experienced engineers and scientists are employed on research and product development than at any other time in company history. This aggressive, forward-looking program is your best assurance that Burroughs will continue to be first in machines . . . in counsel . . . in service.

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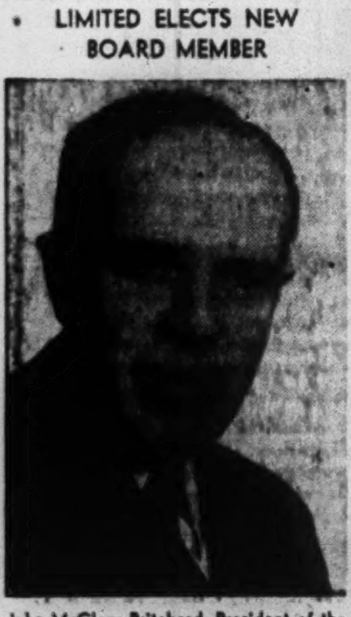
## CANADIAN FOOD PRODUCTS LIMITED ELECTS NEW BOARD MEMBER



John McClary Pritchard, President of the McColl-Frontenac Oil Company Limited, has been elected to the Board of Directors of Canadian Food Products Limited.

**Montship Lines, Ltd.**

*Canada Mediterranean Line*

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Ports of call subject to sufficient cargo offering and availability of vessels

To Mediterranean.

To Gibraltar, Marseilles, Naples, Malta and Leixoes.
S/S "FORT ISLAND"
Loading Montreal — Aug. 15/20.

S/S "MONT GASPE"
To Piraeus, Venice, and Naples.
Loading Montreal — end Aug.

From Mediterranean.
To Montreal — From
S/S "MONT GASPE"
From Catania, Algeciras, Cadiz & Lisbon.
Loading — early Aug.

S/S "MONT ALTA"
From Piraeus, Malta, Naples, Genoa, Marseilles, Cadiz & Lisbon.
Loading — late Aug.

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INVESTMENTS THIS WEEK

# Can. Bonds Hold Steady Despite U.S. Bonds Drop

Although U. S. Government bond prices have experienced a further sharp drop in the past week, little likelihood of a similar drop in Dominion of Canada's is seen in investment circles. Canada's Ninth Victory Loan 3%'s of 1966 are still quoted $104½ bid to $105 asked, or near their top price since issuance last November. This year they only twice bettered the $105 level (to yield less than 2.60%)—once in early March, and again the middle of April.

Further, no similar softness has been seen in the British Government bond market. Instead there has been a strengthening of U. K. Government bond prices since the closing of their tap loan on July 9. British Savings 3% of 1965-75, which fell from about a 2.52% basis to a 2.69% basis last May following the announcement of the new tap loan, have moved up to about a 2.60% yield basis.

Early this week U. S. Treasury 2½%'s of 1967-72 were about $102¾ to yield about 2.33%—nearly $4 a $100 under their April 6, 1946 high of $106-19/32 to yield 2.12%. This contrasts sharply with the recent Canadian and British Government bond price movements.

Special circumstances may explain the U. S. drop. There is talk of a new 2½% issue this fall.

Also rumored are possible steps to control bank investments which might further remove them as a factor in the long term government bond field. Recently the Federal Reserve Board's preferential discount rate of ½% was eliminated, which discouraged member bank borrowing on short term collateral for investment in long term bonds.

In Canada, the supply of Dominion Government bonds in the market is said low. Considerable selling was expected by the Bank of Canada after revaluation of the Canadian dollar, especially from U. S. holders, who were thought to have bought Canadian internal bonds as a speculation on the exchange rate. To date little U. S. selling has been seen in either market and Canadian internal bonds are hard to buy in New York.

In spite of the feeling that there will be no great drop in Canadian Government bond prices, all investors are keeping a weather eye on their action to see if they might indicate any change in the stock markets. Yields on government bonds—the safest of all securities—are the pivotal point for yield on all other securities. Interest rates naturally are determined in relation to the rate obtainable on safe money.

• • •

### *Divergent Trend Seen In Two Gatineau Issues*

A good example of the difference in tempo between the Canadian and the U. S. bond markets is the price action of the new Gatineau issues. In Canada, $10 millions of 3¼% bonds due 1970, offered at 104.50 to yield about 2.98%, are quoted $104½ bid. In the United States, $43 millions 3% bonds due 1970, offered at $104.37 to yield 2.75%, were quoted early this week about $102½ bid to yield about 2.88%—off nearly $2 a $100. Both issues were offered early last week.

Part of the explanation, of course, may lie in the fact that the Canadian issue was more generously priced for investors than the U. S. issue, but the chief reason is the weakness in the New York market.

**WHEN to BUY and WHEN to SELL**

The bulletin "MARKET ACTION & INVESTMENT OUTLOOK" is issued once a week. It does not give you a lot of "ifs, ands or buts", and reasons why such and such a stock is attractive or otherwise.

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**Wetsel Market Bureau, Inc.**
(Incorporated 1928)
EMPIRE STATE BUILDING, NEW YORK

**HARRICANA GOLD MINE INC.** has let a contract to Miners Inc. to sink the existing 320-ft. shaft to 1,000 ft., establishing several new levels and 2,000 ft. of underground work. Diamond drilling carried out in 1945 explored anomalies shown by geophysical survey. There remain several anomalies to be drilled but owing to heavy overburden, officials thought it best to stop drilling and proceed with shaft work. Current assets were $211,369 and liabilities 33,614, at Dec. 31. Company treasury is receiving $80,000 for sale of 400,000 shares under a new underwriting agreement. As at May 15, company had cash of $65,000 and $45,000 receivable from sale of lots at Val d'Or, Que.

## CANADA BREAD COMPANY LIMITED

(Incorporated under the Ontario Companies Act)

## AND ITS WHOLLY OWNED SUBSIDIARY

### CONSOLIDATED BALANCE SHEET

As at 30th June, 1946

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash on hand and in banks | | $ 314,043.07 |
| Dominion of Canada Bonds—at par value | | 275,000.00 |
| Accounts receivable, less reserve for doubtful accounts | | 212,489.93 |
| Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at the lower of cost or market, less reserves | | 618,754.41 |
| | | $1,420,287.41 |
| Post-war fund for rehabilitation and expansion or other purposes: | | |
| Dominion of Canada Bonds—at par value | | 625,000.00 |
| Mortgages receivable | | 12,200.00 |
| Buildings and equipment—at cost | $5,717,614.27 | |
| Less reserve for depreciation | 3,697,241.51 | |
| | 2,020,372.76 | |
| Land—at cost | 333,796.55 | |
| | | 2,354,169.31 |
| Prepaid insurance, taxes and other charges | $ 117,610.31 | |
| Refundable Portion of taxes on Income | 34,000.00 | |
| | | 151,610.31 |
| Goodwill (less amounts written off) | | 500,000.00 |
| | | $5,063,267.03 |
| **LIABILITIES** | | |
| Accounts payable, wages and other accrued charges | | $ 703,308.26 |
| Reserve for taxes (including income and excess profits taxes) | | 187,575.26 |
| Dividends payable 2nd July, 1946 | | 58,125.00 |
| | | $ 949,008.52 |
| Deposits by salesmen | $ 66,125.24 | |
| Less cash and government bonds held in trust | 66,125.24 | |
| Reserve for contingencies | | 100,000.00 |
| Capital: | | |
| Authorized and issued— | | |
| 20,000 4½% first cumulative redeemable preference shares, of $100 each, redeemable at $105 per share to 1st July, 1948 and at $103 per share thereafter | 2,000,000.00 | |
| 25,000 5% cumulative participating redeemable class "B" preference shares of $50 each, redeemable at $100 per share | 1,250,000.00 | |
| 200,000 common shares of no par value | 25,000.00 | |
| | 3,275,000.00 | |
| Earned Surplus | 739,258.51 | 4,014,258.51 |
| | | $5,063,267.03 |

### STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the Year Ended 30th June, 1946

| | | |
|---|---|---|
| Profit on operations before deducting the charges set out below | | $ 828,880.11 |
| Add interest earned on investments | | 22,783.86 |
| | | $ 851,663.97 |
| Deduct: Payments under proposed employee pension plan | $ 98,507.31 | |
| Provision for depreciation of buildings and equipment | 249,515.25 | 348,022.56 |
| | | $ 503,641.41 |
| Deduct provision for income and excess profits taxes | 216,000.00 | |
| Less refundable portion thereof | 4,800.00 | 211,200.00 |
| Net profit for the year | | $ 292,441.41 |

### STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended 30th June, 1946

| | | |
|---|---|---|
| Balance at 30th June, 1945 | | $ 801,481.15 |
| Add consolidated net profit for the year ended 30th June, 1946 | | 292,441.41 |
| | | $1,093,922.56 |
| Deduct: | | |
| Dividends— | | |
| 6% first preference shares to 15th September, 1945 | 15,625.00 | |
| 4½% first preference shares from 15th September, 1945 | 71,250.00 | |
| 5% class "B" preference shares | 62,500.00 | |
| Common shares—10c. per share | 20,000.00 | |
| | $ 169,375.00 | |
| Premium on redemption of $1,250,000 6% cumulative redeemable first preference shares | 125,000.00 | |
| Discount and expenses on issue of $2,000,000 4½% first cumulative redeemable preference shares | 60,289.05 | 354,664.05 |
| Balance at 30th June, 1946 | | $ 739,258.51 |

**CLAUDE L. SANDERSON**

of Yarmouth, N.S., has been elected a director of The Nova Scotia Trust Co.

# *Perpetual Stock Certificate May Solve MLH&P Problem*

MONTREAL (Staff) — Negotiations are under way between the shareholders' committee of Montreal Light Heat & Power Co. and The Quebec Hydro Commission. If they are successful, the question of what indemnity M.L.H.&P. shareholders will receive for their property will not have to go before the arbitration tribunal, The Financial Post understands.

A proposal submitted by the shareholders' Committee involves issuance by the Quebec Government of a perpetual stock certificate guaranteed by the Province in Exchange for the shares of M.L.H.&P. The certificates would pay a dividend of $1 annually. The proposed plan is similar to that adopted by the British Government when the Bank of England was Nationalized. It would involve no new financing by the Government and the dividends would be paid out of Quebec Hydro earnings.

Big question mark is understood to be the amount of the annual dividend. The Government is said to be receptive to the idea, but to favor a lower dividend rate. The shareholders committee is understood to be standing firm on its original $1 annual dividend request.

Negotiations are understood to have been under way for some weeks, although they once broke off, The Post is informed. Mr. L. E. Potvin, Quebec Hydro chairman, is not acting for the commission in these discussions because of his membership on the arbitration tribunal, The Post understands.

# *Prov. Paper Plans To Retire Bonds, To Cut Preferred*

Provincial Paper Ltd. proposes to retire all its outstanding $2,740,000 5½% first mortgage bonds at par on Nov. 1, 1946, and its $3.5 million 7% cumulative preference shares at $107 a share and accrued dividends on Oct. 1, 1946, The Financial Post understands.

Funds for the redemptions will come from a new issue of 20,000 shares of 4% cumulative preferred stock, par $50, and from the sale of an additional 250,000 no-par-value common shares for $4 million to the parent company, Abitibi Power & Paper Co. Ltd. who owns all the outstanding 100,000 common shares.

As a result of this transaction, Provincial Paper will have no funded debt, $1 million 4% preference stocks and 350,000 of no-par-value common shares outstanding. Annual dividend requirements on the preferred will be cut to about one-sixth of the previous amount,—$40,000 a year as against $245,000 a year.

# Hail North Star 'A Sure Winner'

"Looks like Canada has the prize package of the bunch."

That remark indicates the thinking of some airplane experts about Canadair's North Star. First of these four-engined ships was christened at Montreal recently by Mrs. C. D. Howe. As the tumult and shouting of the ceremonial launching dies, enthusiasm of aviation people for the Canadair entry in the international airplane sales race mounts.

They see it as a plane which has remarkably good chances for being the big demand product wanted by commercial airlines all over the world, for the next few years at least.

On the North Star, two of the world's outstanding aircraft teams have, The Financial Post's informants say, combined to produce a better product than they ever did singly. Douglas of California did the fuselage design; Rolls Royce provided the four Merlin engines. Cruising speed is given at 325 m.p.h., range 3,500 miles, ceiling 28,000. After the first 18 planes, the plan is to pressurize cabins.

Domestic customers are the RCAF and Trans-Canada Air Lines. The craft is being produced in the government-owned plant at Montreal with Ben Franklin in charge.

Some 8,000 are employed currently at Canadair, most of them on converting DC-3's from war to commercial models. These are being sold to TCA, lines in the United States, the Argentine and elsewhere. About 2,500 are on the North Star at the present and the number is expected to grow as the urgent conversion job is completed.

**CANADIAN CANNERS LTD.** inform the Montreal Stock Exchange that as at July 20, 1946, the following shares were issued and outstanding: First preferred, 190,584; conv. preferred, 321,612 and common, 171,149 shares.

**CANADIAN FAIRBANKS-MORSE CO.** has notified the Montreal Curb Market that the company has reduced capital stock by cancellation of 123 shares of 6% preferred. There are now 11,139 shares outstanding.

# *Great Lakes Paper Earnings Up 3.8 Times For Six Months*

An operating profit of more than twice the 1945 figure and a net profit of $468,628—3.8 times the comparable 1945 figure of $123,320—is reported by Great Lakes Paper Co. for the first six months of 1946.

If the net profit is doubled to bring it to an annual basis, it would indicate earnings of $5.34 a class A share and $2.84 a common share—substantially above the $1.61 and deficit of $0.79 a share respectively reported for 1945.

But doubling these figures cannot be justified, due to changing conditions, a company official tells The Financial Post. Wages were increased in May and U. S. freight rates have gone up. Another increase in the price of newsprint would also change the results. Earnings, however, are expected to better $750,000 under present conditions, The Post understands. This would indicate at least $4.40 a Class A share and $1.90 a common share for 1946.

Main reason for the better results are the higher rate of operations this year and the higher price for newsprint in effect since Jan. 1, 1946, and for surplus sulphite pulp since Apr. 22, 1946. At present mills are operating at 100% of both newsprint and sulphite capacity, as against an average of 78% newsprint and 89% sulphite capacities in 1945.

The standard profit base has been settled at a figure which the company considers fair, The Post is told. Refunding arrangements are nearly completed and an announcement is expected soon.

Actual results for the six months are:—

| Six Months Jan. 1—June 30 | 1946 | 1945 |
|---|---|---|
| Oper. profit (including prof. on for. exch. & misc inc. | $[illegible] | $ 631,175 |
| Less: Int. on bonds | 118,674 | 121,692 |
| Deprec. | 342,000 | 326,164 |
| Inc. taxes | 469,000 | 60,000 |
| Net profit | 468,628 | 123,320 |

# United Steel Earnings Seen Double 1945

### Better Results and Finances Indicate Likelihood of Common Dividend

Earnings of United Steel Corp. for this year are at as good a rate as was anticipated and all plants are in operation, The Financial Post is told. Net earnings of more than $1 a common share for 1946 after all charges and income tax—over twice the 49 cents a share, including refundable EPT, earned in 1945—were estimated earlier this year by the management (see The Financial Post, Feb. 16, 1946).

Dividends have been received from wholly owned subsidiaries which, together with current earnings, is strengthening the financial position. This makes the payment of a dividend on the common stock likely, The Financial Post understands.

Through anticipation of the present situation, sufficient inventories of materials are on hand to run all the plants from three to four months yet, so that earnings will be maintained, The Post is told. Contracts total over $5 millions, which is sufficient for capacity operations for three or four months.

United Steel is negotiating with all the Canadian automobile manufacturers—both presently operating and new firms planning on establishing in Canada—to supply them with pressed steel parts. These will be made in the company's plant at Welland, Ont., which was the munitions plant, and the company expects to do a large pressed steel business.

In 1945 the company secured a substantial interest in F. H. Hopkins & Co., Montreal, Que. (an old established machinery and equipment dealer) and in London Steel Construction Co., London, Ont. F. H. Hopkins & Co. is now a wholly owned subsidiary although the management is retained unchanged, The Post is told. In 1946, a substantial interest was acquired in Toronto Foundry Co. which ensures a full supply of all the castings required.

Reconversion problems have been solved, it is stated.

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who has been appointed Manager of the main Branch of The Bank of Nova Scotia in Toronto.

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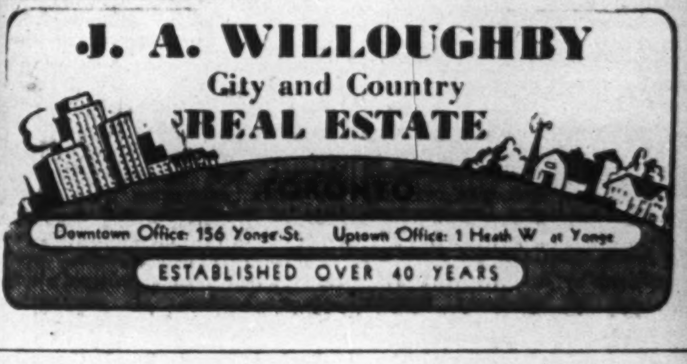

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|---|---|---|---|---|
| Dominion of Canada | 3% | 1959 | 104¼ | 2.42% |
| Dominion of Canada | 3% | 1966 | 104¼ | 2.61% |
| Montreal Protestant Central School Board | 3% | 1983 & 1985 | 101 | 2.96% |
| Brompton Pulp and Paper Co. | 3½% | 1966 | 100 | 3.50% |
| Winnipeg Electric Company | 3¾% | 1971 | 103½ | 3.53% |
| Dryden Paper Company | 4% | 1961 | 103½ | 3.69% |
| Dominion Dairies Limited | 4% | 1966 | 102 | 3.85% |
| Reliance Grain Company | 4% | Preferred | Market | 4.00% |

Prices quoted on Bonds are "and accrued interest".

Details of these issues and their callable features, are available on request.

**NESBITT, THOMSON & COMPANY LIMITED**

38 King Street West, Toronto

324A

**a check-up**

Have you reviewed your estate plans in the last few years? Not only changes in your family, business or assets, but the important and continuing developments in the field of taxation may have affected your present arrangements, rendering them less suitable and less practical. To make sure that you have a workable and effective Will, we invite you and your solicitor to check your current plan against our broad administrative experience over the past several decades.

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has been incorporated as a limited liability company and will henceforth be known as
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# Brewing Corp. Profit Doubled

Brewing Corp. of America had a net profit of $1,524,763 for the first nine months of its current fiscal year (Oct 1, 1945, to June 30, 1946) equal to $10.52 a share and 2.2 times the net profit of $684,645 or $4.72 to a share for the corresponding period of the previous fiscal year.

The current nine months profit of $2,658,763 before provision for income and excess profit taxes of $1,134,000 includes a nonrecurring profit of $332,896.

In the face of 30% grain restrictions which have curtailed production and increased labor and material cost, this record nine months income reflects the company's capacity to adjust its operations to changing conditons, President J. A. Bohannon commented.

Arrangements for distribution of Carling's Red Cap Ale to leading markets in 36 states have been completed, the president stated. This will represent addition of markets in 14 states since the close of the last fiscal year. Brewing Corp. will not be in a position to realize the potentialities of these new markets until grain restrictions have been lifted and the current expansion program is completed, Mr. Bohannon pointed out.

# Johns-Manville Grows Abroad

Johns-Manville Corp., which before the war operated only in England, Belgium and Canada, besides United States, has expansion plans under way to supervise manufacture of asbestos products in at least eight countries in Europe, Latin America and the Far East. It is held more economical to collaborate with foreign capital—these operations will be largely financed with local capital—than to export U. S.-made goods.

The company will help operate plants in England, France, Belgium, Mexico, Brazil, Argentina, China and the Philippines. Canadian Johns-Manville Co. is building a new plant in Toronto to supplement present properties there. All foreign plants will use asbetos fibre as a basic raw material for shingles, siding, paper, insulation and in some instances brake linings, packings and other industrial products.

U. S. exports of asbestos products have never been large, owing partly to the fact that home builders and other prospective farm purchasers are not too familiar with them. New York Journal of Commerce understands, however, that large manufacturers of these products are currently studying foreign markets preparatory to expanding export operations at such time as domestic orders have been more nearly filled.

# *Ontario Paper Co. To Build Office*

Construction has started on a $300,000 general office building for the Ontario Paper Co. at Thorold. Ont., President Arthur A. Schmon has announced. The project is expected to provide employment for many men for several months in the Thorold area.

Besides the company offices the building will contain extensive facilities for mill employees, including dining rooms, infirmary, locker rooms with showers, and a recreation room, it is stated. The present time office will be torn down to make way for the new building.

Allward & Gouinlock, Toronto, are the architects. The contract for the construction has been let to the Foundation Co. of Ontario, Toronto.

# Nor-Elec. Builds New Cable Plant

MONTREAL (Staff)—Under way this month is construction of Northern Electric Co.'s new wire and cable plant at Lachine, Que. Designed by Northern's J. O. Despatie, the building will be constructed by E. G. M. Cape Co. and is expected to cost more than $1 million. Plant area will take up about 50 acres and floor space will be approximately 300,000 sq. ft. This building will be completed, it is hoped, by next summer and installation of machinery will carry on through the rest of the year and into 1948.

Heavy postwar demand for cable and electric wiring has prompted the company to expand its manufacturing facilities, it is stated. The factory to be constructed now is planned as a first unit of a final development which will eventually include the whole wire and cable division of the company, according to company officials.

New plant buildings, of brick and tile, with structural steel framework, will be hot air heated by means of unit steam heaters; with fluorescent lighting throughout. About 500 will be employed in the plant.

**MINNESOTA & ONTARIO PAPER CO.** of Minneapolis, Minn., announced last week a price increase of $6.80 per ton on newsprint sold to customers of its Canadian mills. F. W. Workman, resident manager, said the increase was made to equalize the 10% revenue loss arising out of dollar parity. This increase brought the price of M. & O newsprint produced in Canada into line with the price increases made three weeks ago by Canadian mills.

## Managed Investment

# To Wait Definite Trend Says MacNab's Manager

Two preferred stocks in the MacNab Account—Goodyear Tire & Rubber Co. of Canada and Hiram Walker-Gooderham & Worts—are being redeemed. MacNab's manager decides to continue his investment in Goodyear Tire by exchanging into its new 4% preferred stock but to hold the cash from the Walker's redemption (for which there is no new issue) pending a more definite trend in the market. The account is now invested 14% in cash and bonds, 36% in preferred stocks and 50% in common stocks.

MacNab, 57, has a secure job, has a wife but no other dependents, and has adequate life insurance. He was buying and holding an appropriate amount of victory bonds and war savings certificates. Maximum income, consistent with safety of capital, is the chief objective of his fund, which was handed to his investment manager on Dec. 15, 1944.

### MacNab's Manager Says

It is comforting in these times of postwar confusion, to fall back on time-tried investment principles. Investors who held a large proportion of their funds in gold stocks have had a severe setback, due to the return of the Canadian dollar to parity with U. S. dollar. Fortunately I have sold two gold stocks for your account during the past year, at prices which represent an over-all profit in this group.

Obviously the principal industries affected by the elimination of the 10% premium on U. S. funds were those industries exporting to the U. S.—principally the gold mine and pulp and paper companies. An increase in the price of newsprint, amount to $6.80 per ton, and equalling the loss in the premium, has recently been announced, so I have decided to hold your Powell River shares. A good profit was obtained on your Price Bros. shares, bought at $35½ and sold at $58 (although this stock has since sold at higher prices).

Summing up your account, it will suffice to say that no investment counsel can hope to be infallible. To be right more often than one is wrong is a fairly good batting average, and if one keeps in mind that the cardinal principle of investment is protection of capital; against either inflation or deflation, one cannot get into very much trouble. I have tried to do so in handling your account, by setting up a primary reserve in cash and Dominion of Canada bonds; a secondary reserve in preferred stocks for income, and a common stock fund for capital gain.

Your account is now invested as follows:

| | Amount | % |
|---|---|---|
| Primary res. (bonds cash) | 2,242.40 | 14 |
| Secondary res. (pref. stks.) | 5,730.00 | 36 |
| Equities | 7,897.50 | 50 |
| | 15,869.90 | 100 |

We are now faced with the problem of re-investing the proceeds of two preferred stocks which have been called for redemption; e.g., Goodyear Tire & Rubber Co. of Canada and Hiram Walker-Gooderham & Worts. The 5% preferred stock of Goodyear has been called at $52.50 and a new 4% preferred stock, par $50, is being offered to shareholders on a share-for-share basis up to July 16. I have decided to accept the exchange offer on your behalf and have forwarded the letter of transmittal and old share certificates for exchange.

In the case of Hiram Walker preferred, it has been announced unofficially that no new refunding of the preferred stock will take place. This creates a problem of reinvestment of the redemption value of 20 shares at the call price of $20, or the sum of $400. I have decided to hold this cash pending a more definite trend in the market.

### MacNab Fund Now Stands

| No. of Shares | Security | Cost per sh. | ‡Market per sh. |
|---|---|---|---|
| | **Common Stocks** | $ | $ |
| 10 | Bell Phone of Can. | 172½ | 208 |
| 15 | Brazilian Tract. | 28¾ | 23¼ |
| 55 | Can. Breweries | 13¼ | 25½ |
| 10 | Can. Celanese | 50 | 66 |
| 10 | Can. Westinghouse | 55 | 55 |
| 25 | Nat. Steel Car | 18¾ | 27¾ |
| 25 | Powell River | 16½ | 34½ |
| | **Mining Stocks** | | |
| 1,000 | Nechi Cons. | 1 | 1.30 |
| | **Preferred Stocks** | | |
| 5 | Algoma Steel, 5% | 97 | 100 |
| 20 | Aluminum Can. 4% | 25 | 27 |
| 10 | Argus 4½% | 100 | 98¼ |
| 20 | Can. Canners, 1st | 23¾ | 31½ |
| 10 | Can. St'mships, 5% | 40 | 51½ |
| 10 | Steel of Can. | 88 | 93½ |
| 10 | Goodyear Tire 4% | 56¼ | *52½ |
| 50 | Eddy Paper, A | 22 | 22 |
| | **Bonds** | | |
| $1,000 | Canada, 1¾%/47 | | $100.40 |
| Cash | | | $1,238.40 |
| Current market value of fund | | | $15,869.90 |
| Prospective annual income | | | $556.50 |
| Average yield on original $10,000 is | | | 5.56% |

‡Valuations at close July 15, 1946.
*Not yet traded.

**EXPORTS**
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# Aug. Dividends Down 11.8%

August dividend payments will be off 11.8% from the corresponding month in 1945, according to a preliminary estimate by The Financial Post based on dividends already declared. Payments declared to date amount to $10,671,497 as compared with $12,104,438 for the corresponding period of last year.

**Monthly Dividends**

| | 1946 | 1945 |
|---|---|---|
| | $ | $ |
| January | 27,085,896 | 22,985,207 |
| February | 3,484,063 | 3,797,809 |
| March | 30,496,833 | 36,598,221 |
| April | 29,061,948 | 16,811,664 |
| May | 9,564,457 | 8,662,889 |
| June | 47,161,151 | 50,401,634 |
| July | 29,561,639 | 25,645,710 |
| August | 10,671,497 | 12,104,438 |
| Total | 192,067,488 | 182,007,572 |

**Industrials and Utilities**

| Company: | Rate | Date | Amount |
|---|---|---|---|
| | $ | | $ |
| Anglo-Can. Tel. p. | .68¾q | 1 | 56,787 |
| Ault & Wiborg, p. | 1.37½q | 1 | 6,182 |
| Atlas Steels | .25q | 1 | 41,720 |
| Beaver Lumber, c. | .50 | 1 | 78,369 |
| Bertram & Sons, A | a.25q | 15 | 12,000 |
| B. C. Tele., 2nd pf. | .62½q | 1 | 18,656 |
| Brant. Roofing | a.25s | 1 | 10,879 |
| B. C. Pulp & P. 7% pf. | 1.75 | 1 | 9,732 |
| Caldwell Linen | .25 | 1 | 10,000 |
| Do., 1st pf. | .38q | 1 | 5,700 |
| Do., 2nd pf. | .20q | 1 | 5,000 |
| Calgary Power, pfd. | 1.50q | 1 | 88,500 |
| Can. Iron Found. | .40q | 1 | 6,368 |
| Do., pref. | 1.30q | 1 | 11,635 |
| Can. Bronze | .37½q | 1 | 30,000 |
| Do., pref. | 1.25q | 1 | 9,375 |
| Can. Car | .20q | 22 | 73,160 |
| Do., A | .25q | 22 | 100,000 |
| Can. Utilities, 5% pf. | ‡1.25q | 15 | 187,500 |
| Can. Pac. Ry., pf. | 2%s | 1 | 2,745,138 |
| Coast Breweries | .05q+.03 | 1 | 108,188 |
| Crown Cork | .50q | 15 | 50,000 |
| Conduits Nat. | .15 | 8 | 12,120 |
| Distillers Seag., p. | †1.25q | 1 | 167,309 |
| Dom. Fabrics | .20q | 1 | 1,400 |
| Do., 1st pref. | .37½q | 1 | 6,750 |
| Do., 2nd pref. | .75q | 1 | 7,500 |
| Dominion Tar | .25 | 1 | 93,471 |
| Dominion Malt | .20q | 1 | 15,760 |
| Do., 5% pfd. | 1.25q | 1 | 8,125 |
| Dom. Woollens | .20 | 1 | 29,457 |
| Donnacona Pap., pf. | 1.12½q | 15 | 28,125 |
| Electrolux | †.30 | 2 | 618,750 |
| Esmond Mills, 5% pfd. | .25q | 1 | 3,750 |
| Freiman, A. J., pfd. | 1.12½q | 1 | 10,125 |
| Gen. Steel Wares | .20q | 15 | 26,176 |
| Do., pfd. | 1.25q | 1 | 62,500 |
| Hydro El. Secs., B, p. | .25s | 1 | 165,240 |
| Intn't Coal & C. | .01½ | 1 | 43,000 |
| Maple L. Gardens, pf. | .70a | 15 | 53,453 |
| McCabe Grain, A | .15q | 1 | 6,737 |
| Mercury Mills | .25 | 1 | 23,638 |
| Ont. Steel Prod. | .25q | 15 | 12,110 |
| Do., pref. | 1.75q | 15 | 6,304 |
| Nat. Biscuit, 7% pfd. | †1.75q | 31 | 434,079 |
| Penman's | .75q | 15 | 48,388 |
| Do., pref. | 1.50q | 1 | 16,125 |
| Purity Flour M., pf. | .62½q | 1 | 55,325 |
| Prov. Transport | .25s | 15 | 55,000 |
| Quinte Milk | .15+.05s | 1 | 6,600 |
| Quebec Power | .25q | 26 | 138,290 |
| Rolland Paper c. | .15q | 15 | 9,000 |
| Robinson Cotton | .10q | 1 | 15,000 |
| Simpsons, A | .50 | 26 | 180,000 |
| Do., B | .50 | 26 | 180,000 |
| Shawinigan Water | .25q | 26 | 500,998 |
| Sher.-Williams, c. | .15q | 1 | 30,000 |
| N. Slater | .30q | 1 | 11,250 |
| South. Can. Pwr., c. | .20q | 15 | 80,000 |
| Southam | .19q | 15 | 132,500 |
| Stanley Brock, A | .15 | 1 | 4,702 |
| Do., B | .10 | 1 | 6,270 |
| St. Law. Flour | .40q | 1 | 14,400 |
| Do., pref. | 1.75q | 1 | 9,692 |
| Steel of Canada | 75q | 1 | 345,000 |
| Do., pref. | .75q | 1 | 194,880 |
| Wood, A. & J., pfd. | 1.75q | 1 | 11,375 |
| Zellers | .25q | 1 | 25,000 |
| Do., 5% pref. | .31¼q | 1 | 12,500 |
| Do., 6% pref. | .37½q | 1 | 15,000 |
| Total | | | 7,602,081 |
| **Mining Companies** | | | |
| Aunor G. M. | *.05 | 31 | 100,000 |
| Halinor Mines | .07 | 31 | 140,000 |
| Inter. Nickel, pf. | †1¾%q | 1 | 483,486 |
| Kerr Addison G. | .05 | 28 | 236,515 |
| Leitch Gold | .02q | 15 | 57,000 |
| Total | | | 1,017,001 |
| **Oil Companies** | | | |
| Canadian Oil, c. | .15q | 15 | 21,564 |
| Total | | | 21,564 |
| **Financial** | | | |
| Bank of N. Scotia | .30q | 1 | 360,000 |
| Can. Bank Commerce | .20q | 1 | 600,000 |
| Can. Investors Corp. | .10q | 1 | 10,000 |
| Comm'wlth Int. | .04q | 15 | 5,963 |
| C. Inv. Fd., sp. & ord. | .05 | 1 | 126,673 |
| Dominion Bank | .25q | 1 | 175,000 |
| Imperial Bank | .25q | 1 | 175,000 |
| Inter. Holdings | .50 | 15 | 488,261 |
| United Corp. (A) | .38q | 15 | 19,484 |
| Do., B | .25 | 30 | 59,948 |
| Wellington Fire | 1.75 | 15 | 10,500 |
| Total | | | 2,030,851 |
| Grand total | | | 10,671,497 |

q Quarterly. s Semiannually. †N. Y. funds. ‡Subj. app. F.E.C.B. aInitial.

# WAC Sales Are $205 Millions

MONTREAL (Staff)—War Assets Corporation June sales totalled $26.1 millions and brought total sales since the corporation's inception to $205 millions.

Monthly average for the second quarter 1946 totalled $23.5 millions, against $18.5 millions a month for the six months ended March, 1946. The monthly average for the six months ended September, 1945, totalled $4.5 millions.

Total sales of principal commodities to date have been as follows:

| | Millions $ |
|---|---|
| Ships and other marine craft | 61.25 |
| Automotive vehicles and equipment | 34.30 |
| Consumer goods | 24.5 |
| Machine tools and equipment | 24.4 |
| Lands and buildings | 22.0 |
| Mechanical | 10.0 |
| Metals, ferrous and nonferrous | 9.0 |
| Scrap, metal and other aircraft, spares and equipment | 4.3 |
| Radio and radar sets and parts | 3.5 |

**GATINEAU POWER COMPANY**
3¼% FIRST MORTGAGE BONDS
SERIES D
DUE JUNE 15, 1970
PRICE: TO YIELD ABOUT 2.95%

**BELL, GOUINLOCK & CO.**
LIMITED
ESTABLISHED 1920
MONTREAL TORONTO WINNIPEG

**Investments—**

In choosing securities, the primary considerations of the investor are security and assurance of a good income. To meet these requirements, we, as principals, offer the following selection of bonds and preferred stock.

| | *Price** | *Yield* |
|---|---|---|
| **Dominion of Canada 9th Victory Loan** 3% Bonds due September 1st, 1966 | 105.00 | 2.60% |
| **Province of New Brunswick** 2¾% Debentures due June 15th, 1966 | 99.00 | 2.80% |
| **Burns & Co. Limited** 4% First Mortgage Sinking Fund Bonds due May 1st, 1963 | 103.00 | 3.76% |
| **Brown Company** 5% General Mortgage Cumulative Bonds due December 1st, 1959 | 101.75 flat | 4.82% |
| **International Hydro-Electric System** 6% Debentures due April 1st, 1944 (Semi-annual interest payments at the rate of 4% annually are currently being paid. The unpaid 2% interest is cumulative from October 1st, 1944.) | 102.00 flat | 3.92% |

As agents, we offer:—

| | | |
|---|---|---|
| **A. J. Freiman, Limited** 4½% Cumulative Redeemable Preferred Shares at the market about | 100.50 | 4.46% |

**The prices mentioned are "and accrued interest" where applicable and subject to confirmation.*

Details of these offerings and their callable features will be promptly given on request.

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*Offices at*
*Toronto, Hamilton, London, Ottawa, Montreal, Quebec, Sherbrooke and New York.*
*Correspondents in London, England.*

*A copy of this Prospectus has been filed with the Registrar of Joint Stock Companies Edmonton Alberta in accordance with the provisions of The Companies Act (Alberta).*

NEW ISSUE

**80,000 Common Shares**
No Par Value

**Northwest Industries Limited**
(Incorporated under the laws of the Province of Alberta)

TRANSFER AGENT AND REGISTRAR: THE ROYAL TRUST COMPANY,
Montreal, Toronto, Winnipeg, Edmonton and Vancouver.

CAPITALIZATION
(Upon completion of present financing)

| | Authorized | To be issued |
|---|---|---|
| Common Shares (No Par Value) | 250,000 shs. | 108,000 shs. |

We offer, as principals, these Common Shares, if, as and when issued and accepted by us, subject to prior sale and change in price, and subject to approval of all legal details by our Counsel, Messrs. Stairs, Dixon, Claxton, Senecal & Turnbull, Montreal and by Messrs. Milner, Steer, Dyde, Poirier, Martland & Bowker, Edmonton, Counsel for the Company.

The right is reserved to reject any application or to allot a smaller number of Shares than that applied for.

**Price $10.00 per Share**

It is expected that certificates will be available for delivery on or about August 5th, 1946.

W. C. Pitfield & Company, Limited
Lightcap Securities Limited
Carlile & McCarthy Ltd
Sydie, Sutherland & Driscoll, Ltd
D. M. Duggan Investments Ltd
C. L. Jackson & Company
Osler Hammond & Nanton Limited
Ernest L. Baker & Company
O. C. Arnott & Company Limited
Brian Locke & Co. Ltd
J. B. Gibson

# Invitation to Inflation

Donald Gordon deserves the country's thanks for his blunt warning that an uneconomic jump in steel wages at this time will upset the national price structure. Steel, he points out, is a basic commodity and like wheat, coal, lumber or any other foundation product, its cost governs that of a whole line of secondary industries dependent upon it.

You can't tinker with the price of steel without rises all along the line, which will mean higher prices generally from pocket knives and tin cans, right through to automobiles, ships, furnaces and locomotives. Pointed out Mr. Gordon:

> "Any adjustments for this industry are basic. If we are going to face adjustments indicated by the present demands, in my opinion we are all ready for a new cycle of price adjustments. Costs are bound to spread and are bound to result in an inflationary rise in prices."

Outside those agitators whose real purpose is not higher wages, security and prosperity but simply chaos and revolution, no thinking Canadian wants inflation. In the end they all lose and none so heavily as the worker and the small-salaried man. But a whole lot of people seem to believe that somehow they can squeeze in a wage or salary increase for themselves without affecting the general structure. The only way they can do this safely, honestly and economically is to work skilfully or more efficiently. Too many, however, hope to get this increase without this extra work or efficiency. It can't be done.

There are just so many consumers' dollars to be divided and if certain classes are to be granted more, then there will be less for the others. If costs of manufactured goods are allowed to rise, then the farmer and other producers will have to pay more for the goods they buy. They, too, will soon demand more for the things they sell. The result, of course, will be a general rise with producers no better off than before and retired and other people, living on more or less fixed income, infinitely worse.

Strikes, threats and other forms of intimidation, even if successful, cannot lead to prosperity. Only an increased flow of real goods can do that.

Never has Canadian industry faced such an opportunity for expansion. The whole world is hungry for goods and eager to give a permanent market to any country producing them.

## Beer, Bread and Taxes

Beer is one shortage that gets much heated comment these summer days and the recent impassioned argument of a Canadian and an American about their relative woes on this foamy topic stimulated us into getting some facts on the matter.

In this great grain-growing country of ours, the average Canadian has had difficulty ever since 1941 in getting beer. Rationing and shortages still oppress him and leave less per person than is available to the American.

Canadian beer consumption per capita (which, reckoning of course, includes the tots and our Aunt Mildred whose tipple is a dandelion wine at weddings) is 10 Imperial gallons per year. The same year, 1945, the American per capita intake was 15 Imperial gallons.

Tax gatherers love beer drinkers and in Nova Scotia and New Brunswick, for instance, around 30% of provincial revenues come from beer and liquor. Approximate average of federal and provincial tax collected per barrel of beer in Canada is $12.50; and in the U. S. about $9.25. Here, because of his much greater consumption, the average American can claim a greater contribution to the public coffers. Per capita, the American beerdrinker's tax contribution is $138.75 compared with $125 for the Canadian.

In a hungry world, the beerdrinker has been hearing it said by some people that he shouldn't be getting any beer at all; that all grain should be used otherwise. The facts give the measure of the economic importance of that argument.

The records way back show no wheat whatever has been used for beer in Canada. Since March this year no wheat whatever has been used by the American brewing industry and in 1945 its wheat consumption was only a relatively small amount. The main cereal ingredient is barley and after the brewers are through with it it still makes excellent livestock feed. In any case the industry's inroads on all grains don't amount to much. Canadian brewer consumption last year was .5% of Canadian grain production. The similar figure for the U. S. is 1.3%.

Indications of bumper crops in North America and gradual improvement elsewhere are leading some in the industry to the belief that the drought in both Canada and the U. S. may be pretty well over by Christmas.

## Neither Stick Nor Carrot

The human donkey, shrewdly observes the London Economist, requires either a carrot in front or a stick behind, to goad it into activity. And because through labor unions and trade associations these encouragements have been almost whittled out of existence, the Economist takes a dim view of the speed of British industrial recovery.

There is a lesson here for Canada, where too, in recent years the tendency has been to remove the fear of competition and reduce the possibility of reward. Comments the Economist:

> "The rewards of success have not merely been shrivelled, they have been poisoned, since commercial success itself has been turned, in the eyes of wide circles of society, into a positive disgrace. There is a conspiracy of labor, capital and the state to deny enterprise its reward. The state takes it away in high taxation.
>
> "All economic progress is, by definition, labor saving; yet the attitude of the trade unions, successfully maintained, is that they will permit labor-saving devices only provided that they do not in fact save labor.
>
> "Nor is the attitude of organized capital any better. The embattled trade association movement has had great success in building up a code of industrial good manners which puts any attempt to reduce costs and prices by greater skill or enterprise under the ban of 'destructive competition.'

On the opposite page the Economist's frank analysis of the present situation in Britain is republished in full. It is an article which everyone interested in Canadian industry, be he employee, employer, investor or a member of Parliament, can study with profit.

## We May Regret This Deal

It is difficult to find any grounds for lasting satisfaction in the long-term wheat agreement signed by Canada and the United Kingdom last week. It is so hedged with if's and but's that one cannot help suspecting that the whole thing has ended in an attempt at face-saving by those who negotiated it. If substantially observed, then it is merely thinly disguised bilateral trading of the same sort which Germany and other extreme nationalists adopted with disastrous results from 1930 on.

By entering this agreement, we have already aroused sharp hostility in the United States, a major customer of Canadian products, and before many months have passed, it is almost certain that there will be other critics. In the end there is little doubt but that the pact will be regretted by both Ottawa and London.

Under present conditions, we propose offering our wheat to Britain at less than the market price. Even assuming Canadian farmers will be willing to continue to do this without some subsidizing from Ottawa—and if there is, we can be accused of dumping—there is good reason to believe that other wheat customers of Canada will not be so easily satisfied. France, Holland or Belgium, to mention three considerable importers in normal times, will hardly relish paying the full market price for our wheat when Britain is able to get it for much less. And in the details of the agreement so far announced, there does not seem anything to prevent British importers underselling us in France or anywhere else with our own wheat

And what will happen if world prices decline as production and shipping get back to normal?

Is it reasonable to suppose that British importers would continue to buy Canadian wheat at high prices when they could get wheat elsewhere for less? They didn't do that back in the late twenties when the Canadian "pools" decided to hold out for higher than world prices. No British government could hope to stay in power many weeks if it supported such a policy. Either it would be forced to ignore the agreement or cook up some other barter deal.

And there would be difficulties at this end too. Without doubt the farmer would ask Ottawa to make good any declines by subsidies. He would argue and with some justification that because he accepted lower than world prices in the beginning he was entitled to compensation if the market weakened.

It is in everyone's interests, farmer or otherwise, that Canadian agriculture enjoy the greatest stability of revenue. A feast and famine proposition makes a poor foundation for a prosperous, permanent industry. But in this wheat agreement, there is little promise of real stability of income but much of headaches and regret.

## Talkies 20th Anniversary

Next week's 20th anniversary celebrations of the public's introduction to "talking pictures" is going to hit nearly everybody over 30 years of age with alarm and nostalgia.

Alarm—at how fast tempus fugits. The silent film days don't seem anywhere near 20 years ago.

Nostalgia—at memories of crises with schoolteachers over hookey played, of youthful esteem for Theda Bara and of ecstatic hand holdings with the little girl from down the street in the theatre's romantic gloom.

United in these anniversary celebrations are six firms linked with the original contributors to talking picture development: Warner Bros. Pictures, Bell Telephone, Canadian Kodak, RCA Victor, Northern Electric and Dominion Sound Equipment.

Here is the brief chronology:

1876—Bell invented telephone.
1877—Edison invented motion picture as pictorial accompaniment to phonograph.
1894—Edison's Kinetoscope, a peephole show for one.
1907—Lee deForest invented sound amplifying tube, soon to become high vacuum.
1920—Electrical recording and broadcasting.
1921—deForest publicly demonstrated sound motion picture.
1926 (August)—First complete program of sound films presented at Warner Theatre, New York. Film was silent but sound added and synchronized.
1927 (October)—The Jazz Singer. This was part silent film with synchronized score and part "talker." First dialogue line was "Wait a minute. You ain't seen nothin' yet."
1928—"The first 100% all talker."

At the 1927 Canadian National Exhibition, visitors saw a novelty presentation of "sound-on-film." A year later, the first Canadian all-sound program with permanent theatre equipment was presented at Famous Players theatre in Montreal. The next few years the development of course swept the country.

Now to some 1,300 Canadian picture theatres, Canadians are paying some 210 million admissions a year. That means the average citizen goes to the movies about 18 times. He spends about $5.40 a year doing it.

To the historians and philosophers of the future, the birth of the talking picture will be an event to which they will give much importance, because the talking picture has such a mighty impact on public ideas. Ideas are the inseparable companions of entertainment — ideas about clothes, homes, furniture, automobiles, refrigerators and so on; ideas about how not to and how to conduct oneself; ideas about work, religion, government, education, everything in fact.

## Forgot the Kitchen Sink

Here are highlight demands being made by one of the more highly skilled unions in the United States.

Wages increases from $1.52 to $3 per hour. Three week's vacation at double time pay. Severance pay of one week for every six months of employment, to be paid regardless of cause of separation. All overtime at double rate. Two and a half days of sick leave for each month of employment. Seven paid holidays. A 35-hour week. The union also wants the right to re-open the contract at any time on 30 days' notice and to termination of the contract if there is failure to agree (by which they mean accept) within 30 days.

For Chicago, the same union wants these things: Wages of $3.02 per hour, three weeks vacation, severance and sick leave schemes the same as above, overtime at double pay, Saturdays, Sundays and holidays at triple time and 24 minutes per day wash up time. The current rate for 36¼-hour week is $1.81½.

The tragedy of all this frenzy of extravagant demands is that the people who make them—or on whose behalf they are made—are the first and worst sufferers from the inevitable result of those demands.

## Stop Me If —

An Aberdeen mother rang up the doctor.

"Come round to our home at once, doctor," she pleaded. "One of my children has swallowed a saxpence."

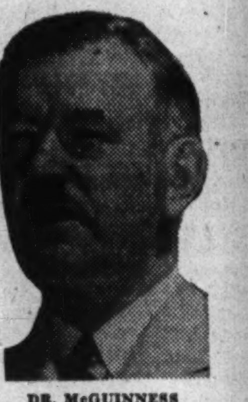
"Right," said the doctor, "how old is it?"

"Eighteen-ninety-three," was the prompt reply.

# Post Scripts

## Heads Medical Association

To more than 33% of Canada's medical profession the recent war meant a voluntary service at any place and at any risk. The story of the role of medical science in the war may never be adequately told. The public knows that doctors and surgeons served in the deserts of North Africa, at Salerno, on the beaches at Dieppe, on the battlefields of France, Holland, Belgium and Germany. Thousands of the men who fought know they would have gone through life handicapped and disabled but for the collective skill of the medical officers.



DR. McGUINNESS

Five thousand and twenty-six doctors, in fact, joined the Canadian forces as medical officers—navy, army and air force. Twenty-eight were killed in action, 27 died on service, 11 were prisoners of war, 43 were wounded, and scores were decorated.

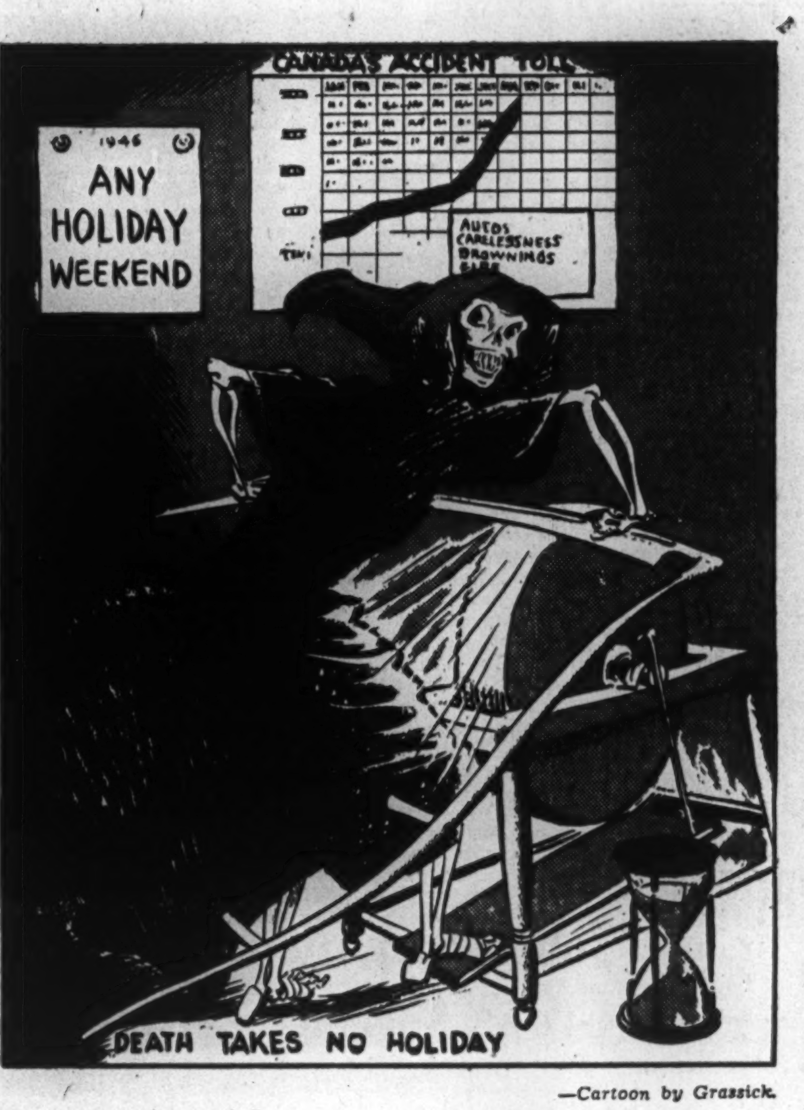
To those who remained at home, mostly older men, many of whom were medical officers in the first Great War, it meant hard years of grinding work. The victory meeting of the Canadian Medical Association at Banff last month was in part a welcome by doctors of one generation to those of another in whose hands rests medicine of the future. The new president-elect, Dr. F. G. McGuinness, Winnipeg, was a medical officer in the first war.

The Canadian Medical Association elects its presidents a year in advance. At the recent Banff meeting, Dr. Wallace Wilson, Vancouver, designated president-elect last year, took over the office. Dr. McGuinness will not be installed in office until next June.

Born in Ottawa in 1882, McGuinness came to Brandon, Man., when he was nine and was educated in Brandon schools. He graduated from the Manitoba Medical College in 1917 and immediately enlisted in the R.C.A.M.C. and served until end of the war. Like many young doctors in the forces he took postgraduate work in England, Ireland and Scotland before resuming private practice in Winnipeg.

In his specialized field Dr. McGuinness is one of the best-known medical practioners in the west. He was appointed demonstrator in obstetrics in 1924, assistant professor in 1929, associate professor in 1939, and since 1941 has been a full-ranking professor of obstetrics in the faculty of medicine in the University of Manitoba.

McGuinness is chief obstetrician of the Winnipeg General Hospital, a Fellow of the Royal College of Obstetricians and Gynecologists of Great Britain of which he is also one of the Canadian committee. During the recent war he was chairman of the Divisional Advisory Committee for M.D. No. 10 of the Canadian Medical Procurement and Assignment Board set up by Dominion order-in-council in 1942. Duties of the board were to tabulate and analyze results of a survey conducted by the Canadian Medical Association of Physicians registered in Canada with a view to determining the number of doctors available in Canada for appointment to the armed services.



—Cartoon by Grassick.

## Seigneur Mathewson

With the election of J. Arthur Mathewson, K.C., to its board of directors the Dominion Bank is getting a man who has threaded his way through many a financial maze. Mathewson probably heaved a sigh of relief when he learned that by accepting this appointment he would not have to give battle to a long-standing enemy—deficits.

MR. MATHEWSON

Probably his biggest battle was when he took over the provincial treasurer's job in the Godbout Government. He had declined the same position in the Taschereau Government in 1931 but was prevailed upon by Premier Godbout to tackle the $52 millions deficit. After three years in office Mathewson says he was able to show an over-all surplus.

He encountered deficits again when he was president of the Montreal Protestant School Board and helped this body overcome many of its financial troubles. Today, although not a member of the Salvation Army, he is giving its Advisory Committee the benefit of his expert advice on financial matters. But even in his college days Mathewson, as president of the McGill University students' council, was called upon to help clear up financial difficulties in connection with the university book room.

This job, however, did not prevent him from graduating in 1912 with first class honors in economics and political science. From the McGill campus he moved to Paris for postgraduate work at the Sorbonne and L'Ecole Libre de Sciences Politique.

It was about this time that Mathewson, when on a visit to Berlin, heard the War Loan Bill passed by the Reichstag. When he returned to Canada and told friends and government leaders that he believed war was imminent he was labelled a war monger. It came soon after, however, and he enlisted in the Canadian Army as a private. He rose to the rank of captain and was wounded twice.

While recovering from his second wound in 1917 he and a friend hied themselves to the Quebec woods where Mathewson applied himself to his law books to such good effect that he passed his bar examinations later in the year.

With three generations of Quebec Mathewson behind him it was perhaps only natural that J. Arthur would set up law practice in Montreal. He is fluently bilingual and he claims he speaks better French than English: This is probably one reason why several clients of Mathewson & Smith law firm are French-speaking Canadians. It may also explain why Mathewson's rapid way of speaking and quick, energetic movements suggest characteristics commonly attributed to the French.

Outside of business hours Arthur Mathewson says he spends most of his leisure hours with his family. Although he is a member of the McGill University Club, Mount Royal Club, Reform Club, Mt. Bruno Country Club and the Garrison Club of Quebec, he says he would not call himself a "club man." Two daughters, a son and three grandchildren take up most of his time. He is, however, a keen sailor and horseman, and keeps a saddle horse in Montreal besides his stable at his farm on the Lower St. Lawrence. As seigneur of Metis Beach he is one of the few to still hold the seigneury rights of shooting and fishing, including the right to catch herring.

# The Big Plan to Restore World Trade

### Bretton Woods Goes Into Operation This Fall — How It Works

*Below is a digest on "Banking-Postwar" delivered by John S. Proctor, Manager, Imperial Bank, Montreal, at the Eastern Credit Conference of Canadian Credit Men's Trust Association Ltd. It explains in non-technical language the meaning of the Bretton Woods Agreements.*

Most important postwar international financial development was the establishment of the Bretton Woods Agreement, with its twin pillars, the International Monetary Fund and the International Bank for Reconstruction and Development.

Fundamentally, the Bretton Woods Agreement represents in the world economic sphere what UNO represents in the world political sphere. Its long-term purpose is to help provide the monetary and financial conditions necessary to the sound and expansive development of international trade and to enable the countries of the world to carry out domestic policies aimed at full employment. It will enable Canada, or any other member country, to sell virtually to any country and to buy from any country and always be able to obtain the appropriate currency with which to pay and always be able to receive payment in whatever currency it chooses to accept.

Prompting the adoption of the International Monetary Fund was the international economic instability of the 1930's and the determination on the part of world nations that it must not happen again. This was the period characterized by economic nationalism and its weapons of high tariffs, import quotas, export subsidies, blocked and depreciated currencies, discriminatory exchange areas and multiple currency practices.

All of these resulted in economic warfare instead of economic co-operation. The stresses and strains resulting from the second great world war sharply accentuated the possibility of a return to those conditions.

By bringing about confidence in the stability and convertibility of foreign exchanges, the International Monetary Fund aims to replace the old, inadequate and discredited machinery of bilateral trading by a system of multilateral trade embracing the whole world. Under the bilateral trade system one country may declare that it will buy from another no more than the other country will buy from it. Currencies are not then mutually interchangeable anywhere in the world, trade is restricted and chaos results.

As one of the great exporting nations, Canada has a large stake in an orderly system of world trade. Only by full participation in it can the Canadian economy be kept in high gear. In essence the International Monetary Fund provides those financial conveniences under which international trade on a broad scale can best function and flourish.

Already 39 nations have agreed to participate in the Fund, which is scheduled to come into operation late this fall. All of the larger countries, except Russia, have committed themselves to subscribe a quota to the general exchange pool which the Fund provides. Each country will put up 25% of its quota in gold, or 10% of its combined reserves of gold and U. S. dollars, whichever is the smaller. The balance of the qouta will be paid into the fund in the country's own currency.

Here is how the initial exchange value of a country's currency unit is determined once the fund operates. When the fund believes it will be in a position to begin operations, each member will declare the actual par value of its currency in terms of gold or the U. S. dollar based on the rates of exchange prevailing on Oct. 27, 1945, 60 days before the fund agreement came into effect.

Here is how a member country may revalue the external value of its currency. Initially a 10% revaluation may be made unilaterally to correct some maladjustment at home, but changes beyond that must be approved by member countries.

Members may use the fund only to meet deficits in current international transactions which are expected to be temporary either because the situation will correct itself or will be corrected. Members will periodically return to the fund the equivalent of the currencies they have purchased.

Primary purpose of the bank is to supply the long-term capital needs of countries requiring to rebuild their war-torn economy. Though permitted to make direct loans, bulk of their operations will consist in the guaranteeing of loans made by governments or private concerns in the countries requiring the capital. If a private firm defaults on a guaranteed loan, the country's government is first called upon to make good its guarantee. If the government also defaults, the World Bank will pay the loss. It may pay from its own resources, or call on all members to pay proportionately.

Both the Bank and Monetary Fund are managed by boards of governors. Each board of governors delegates the necessary powers of management to a board of executive directors, some appointed, others elected. In the case of the Bank, the executive directors appoint or elect a president, who then becomes the operating head. In the case of the Fund, the operating head is called a managing director.

# What Others Are Saying

## Editorial of the Week

### Canada Needs More Chisholms

Ottawa Citizen

This editorial is about ideas.

More specifically, it is about the battles which ideas have had to fight down through the centuries before man's limited intelligence has prevailed over his infinite capacity for mental resistance to anything new; before ideas once reviled as strange and startling—outraging perhaps all previously cherished concepts—have come to be accepted as truth.

It is an editorial about intelluctual courage. Provoking it is Maj.-Gen. Brock Chisholm's resignation from the post of Deputy Minister of Health to become executive secretary of the new International Health Organization.

There is no desire to hold Dr. Chisholm up as a hero. He, perhaps more than any other man, would smile at the idea. But in a world which is rapidly disintegrating because physical force has outdistanced man's social thought, Dr. Chisholm knew he had a message. And he said it.

He declared that all teaching, all education, should be based on the literal truth in everything; that it should develop the individual's ability to reason things out for himself; that it should foster the character-trait of facing realities no matter how distasteful or painful they may be, and of taking appropriate action. But because he introduced Santa Claus as a symbol of the improbabilities which can handicap a child's free mental development, he brought on himself a storm of denunciation from those who failed to understand his meaning.

To Canada's credit let it be said there were those who did understand, who rallied to his support. To the Government's credit is its diregard of the peremptory demands to "Fire Chisholm!"

That small group in the House of Commons which clapped approvingly when Dr. Chisholm's resignation was announced may some day learn to be ashamed.

Canada wants more men of Chisholm's stamp, men who, whether they are in public service or outside it, are not afraid to say what they know to be truth. Then and then only will this Dominion be able to set its feet on the right road.

## Other People's Views

OUTLAWING THE ATOM BOMB is not enough, declares the **London Free Press.** "We might make more progress by treating all the great engines of destruction on the same basis. People were killed quite as dead with other weapons as they were with the bomb, and others may be killed in the future even if the bomb is outlawed. After all it must be remembered that most of the nations of the world agreed to outlaw war only a few years before those same nations precipitated the greatest conflict in history. Man's concept of national sovereignty is perhaps basically more dangerous than the atom bomb. We must try to get rid of both at the same time."

• • •

A SOUND NATIONAL INVESTMENT is the way the **Regina Leader Post** describes the cost of the Dominion Experimental Farms System. "Canada today enjoys an enviable reputation among the nations of the world for the high quality of her farm products. It would be safe to say that this highly desirable condition has been brought about by an efficient and far-sighted Dominion experimental farm organization. The small outlay of 20 cents annually by each Canadian would appear to be a sound investment."

• • •

PROGRESS TOWARD A BETTER DIVORCE LAW is seen by the **Vancouver Sun,** which comments: "The Law Society of British Columbia has both courage and persistence. At its annual meeting it once again took up the question of Canada's out-dated divorce law. The society has voted to set up a committee to study ways and means of dealing with the problem. Lawyers and judges know better than any other group of persons how stupid and inequitable the Canadian law is. It is based on an old British statute which the British themselves had the good sense to discard nearly a decade ago."

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# Carrot and Stick Both Disappearing Need at Least One, to Get Work Done

**"The Carrot and the Stick" was first published as a leading article in The Economist, London, a few weeks ago. It has been widely referred to and many of our readers have wanted to see the article complete. Here it is.**

**(From The Economist, London)**

It has long been obvious that economic and social policy in Britain in these years of transition must be a race between the natural impatience of a tired people and the progress of material recovery. It is difficult to be sure that the race is being won. Many of the visible indications at the moment are that it is being lost. It would be wrong to put more than a portion of the blame on the shoulders of His Majesty's Government. A Conservative Government might have been quicker in relaxing the restrictive controls and less ready to chase doctrinaire side issues. But they would certainly not have enjoyed the very remarkable degree of industrial peace that is one of the encouraging features of the present. It is, in any case, a piece of human vanity in politicians to pretend that they are the masters of events when they are far more often the slaves of circumstance. The Government has had bad luck, particularly in the matter of food, and no other party would have had better.

But this is by no means the end of the matter. The painfully slow progress of recovery in this country cannot be explained simply by bad luck—the more so since other countries, not noticeably more lucky, have been able to move so much more quickly. It is difficult to deny that there is a sluggishness about British actions, public and private, that does not exist elsewhere. The indefinable, but undeniable, secret impediments to action that turned the interwar years into an interval of frustration, the hidden causes of "Too Little and Too Late"—these cobwebs were, it seems, only temporarily blown away in 1940. The British community is sound in wind and limb, it has an immense accumulation of subconscious judgment, it rarely makes a very stupid mistake, prudence is its middle name—but it moves so slowly. This is not true of public affairs alone. From all over the country, the story at the present time is the same: there is no active discontent, but also no sparkle or enthusiasm for anything but the various ways of consuming leisure. It would be dangerous to write this mood off merely as a temporary phenomenon of exhaustion; many millions of individuals are in better health and spirits today than they have ever been. Besides, the same phenomena were all too visible when the excuse of exhaustion did not exist. The probability is that it is a more permanent state, and the causes of it deserve some enquiry.

### Stick More Effective?

The human donkey requires either a carrot in front or a stick behind, to goad it into activity. It is fashionable at the moment to argue that the carrot is the more important of the two; "incentive" is the watchword, and all classes of the community are busy arguing that if only they are given a little bit more in the way of incentive (at the expense of the rest of the community) they will respond with more activity. From miners to company promoters, the basic argument is the same, and no doubt, within limits, it is quite correct: a bigger carrot would make the donkey move a bit faster. But it is probably more realistic (though it has that touch of brutal cynicism that is so much frowned upon these days) to hold that the stick is likely to be more effective than the carrot. It may be true that one reason why people will not work hard, is that they can buy so little with their wages. But it is much more true that they will not work because the fear of the sack has vanished from the land and because the Bankruptcy Court is a depressed area. However, it is not necessary for the present purpose to argue the respective potencies of the carrot and the stick; it is enough to agree that, if an active and progressive economy is to be founded on the frailities of human nature, both are needed.

But the whole drift of British society for two generations past has been to whittle away both at the carrot and the stick, until now very little of either is left. It is the passion for Equality—excellent in itself—that has removed the carrot. The rewards of success have not merely been shrivelled, they have been poisoned, since commercial success itself has been turned, in the eyes of wide circles of society, into a positive disgrace. There is a conspiracy of labor, capital and the state to deny enterprise its reward. The state takes it away in high taxation. All economic progress is, by definition, labor saving; yet the attitude of the trade unions, successfully maintained, is that they will permit labor-saving devices only provided that they do not in fact save labor. Nor is the attitude of organized capital any better. The embattled trade association movement has had great success in building up a code of industrial good manners which puts any attempt to reduce costs and prices by greater skill or enterprise under the ban of "destructive competition." The industrialist who discovers a way of making better things more cheaply (which is what he is sent on earth to do) is deprived by the state of all pecuniary return and by his own colleagues of any social reward. Instead of a carrot, he gets a raspberry.

### Incomes Down, Wages Up

What is perhaps not quite so familiar is that the same process has been applied to the wage-earner as well. Together with the levelling down of incomes there has gone a levelling up of wages. Day rates and "guaranteed weeks" steadily replace payment by results, with the deliberate intention of ensuring that the slacker shall earn as much as the hard worker. The margin of advantage that a skilled artisan secures over an unskilled laborer, when taxation and the price level are taken into account, is only a small fraction of what it was before the first German war. And just as the enterprising employer will be black-balled from his club, so the worker who works too hard will be told by his union that he is taking bread out of other men's mouths. The whole effect of the growth in strength of the trade-union movement — indeed, one can say its deliberate intention —has been to divorce the worker's income (or at least his cash income) from any dependence on the efforts he makes.

The stick has been whittled away no less than the carrot. No one of these days would deny either the principle or the practice of social security. But the more comprehensive the protection and the higher the benefits, the less, quite inevitably, is the urge to stay in employment or to seek it when it is lost. When full employment is added to social security, the sanction for slackness almost disappears: the worker knows that he is unlikely to lose his job and that his sufferings will be limited if he does. Moreover, there are already signs that the admirable principle of full employment is likely to be translated in practice into fixed employment, the doctrine that nobody must ever be thrown out of work.

### Stick Being Removed

The British businessman has also, in the last quarter-century, found ways and means of removing the stick from his back. The growth of trade associations, of price-fixing and market-sharing devices—the whole apparatus of protection, in fact—is inspired by nothing so much as by the desire to prevent the bankruptcy of the inefficient—even if, thereby, the progress of the efficient is also impeded. How effective this has been can be seen from the briefest glance at the technical state of British industry. The typical British industrialist does not buy a new piece of machinery until he is assured by his accountants that the reduction in costs it will make possible will be enough to pay not merely its own capital cost, but also the undepreciated portion of the original cost of the old machine it is replacing. And as that desirable state of affairs can rarely be attained, the businessman rarely keeps his equipment up to date, finding it easier to look to his trade association to ensure him a fair share of the market at prices sufficient to cover his unrationalised costs. But in a competitive economy, such as the American, when one firm acquires a more efficient machine and cuts prices, all others are compelled to follow suit, whether they can "afford" to or not. It may be financially unsound, but it is technically progressive, and it is certainly not a coincidence that the years in which British industry has fallen behind in its technical methods were the years in which industry and the state conspired to suppress competition.

The whole process of removing both the carrot and the stick has culminated in the extraordinary circumstances of today. Shrunken as were the incentives and the sanctions of pre-war days they have now, for the time being, vanished completely. Nobody gains anything from activity or suffers anything from inactivity. There is hardly a flavor of carrot or a shadow of the stick. And yet we wonder why the donkey does not break into a trot.

### Two Keen Competitors

It is less easy to bring the argument down to brass tacks than to discuss it in abstract and general terms. But it is basic. The causes that lead to the decay of the enterprising spirit in nations are obscure and often intangible; but they are quite decisive nonetheless, as has been shown a hundred times in past history. Britain finds herself today between two great competitors, both of whom, in their different ways, keep a sharp edge on the motives that lead to action. In the United States, glittering prizes have always been offered to the ambitious, and they glitter no less today. Some attempts have been made in America to encase the stock in velvet, but they have not gone very far. The difference in welfare between employment and unemployment, between success and failure, is still unmistakably sharp, and to offer to the incompetent the protection of restrictive practices is (with the time-hallowed exception of the tariff) contrary both to the law of the land and to the prevailing morality. The Soviet economy made an original attempt to do without incentives or sanctions, but it has long ago reintroduced them. Nowhere in the world today is a bigger premium paid for skill or intelligence or effort or (within the limits of a planned economy) enterprise. And nowhere, certainly, are the penalties of incompetence or laziness more sharp.

Before we go very much further with the planned welfare state, some very hard thought needs to be given to these fundamental issues. How can incentives to effort and enterprise be restored without abandoning the aim of economic equality? How can sanctions for failure or slackness be reconciled with the principle of social security? How can the carrot and the stick be combined with a pleasant life for the donkey?

### Favor Payment By Results

Several ways to restore the carrot suggest themselves. Any form of payment by results works in the right direction. So does any attempt to preserve the margins of income that can be secured by greater skill or experience—and it is the real margin, after taxation, that counts. The more equal educational opportunities become, the safer it will be to pay a good premium for skill or intelligence. It should be recognized that there is a limit beyond which the taxation of earned incomes should not be carried—a limit that is greatly exceeded at the moment. And even if the ban be maintained on large accumulations of individual property, it is unwise on that account to place such enormous obstacles in the way of the development of business enterprises. Corporate property or income needs to be distinguished from individual property or income and much more leniently treated.

For the restoration of the stick, the chief prescription must be a resurrection of the competitive spirit — which can certainly (though perhaps with some difficulty) be combined with public ownership. In the last 20 years, Britain has made a mistake the Americans never made of combining protection against the foreigner with restrictive protection at home. Antitrust and antirestriction legislation is long overdue in this country and when it comes it should be turned as much against public monopolies as against private. Another need is to see clearly, and provide against, some of the dangers that are inherent in full employment. Present conditions ought to be enough to demonstrate the horrors of over-full employment and it is a false and unattainable ideal to employ every man every day. Provided that no one is unemployed for more than a short time, an unemployment ratio of 5% is not only supportable but absolutely necessary to provide mobility and elasticity in the economy. Full employment, in fact, will not work without a million unemployed.

Perhaps most necessary of all is a strong dose of realism in the approach to the human problems of industry. It will only lead to disaster to pretend that ordinary human being are angels or philosophers (of either the Marxist or the Spencerian professions) or that, in the mass, they respond satisfactorily to the challenge of moral idealism when, in fact, even in the 20th century, most of them are more like donkeys driven by desire for gain or fear of hunger It may be true that mankind has an opportunity, within a generation or two, of lifting at least the material part of the curse put upon it at the time of the Fall. But having been expelled from the Garden for too much enterprise, mankind must not now fail of re-entry, when within sight of the gates, for too little.

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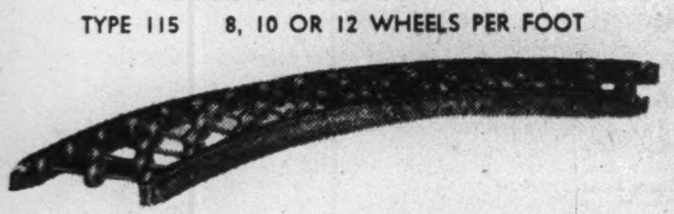

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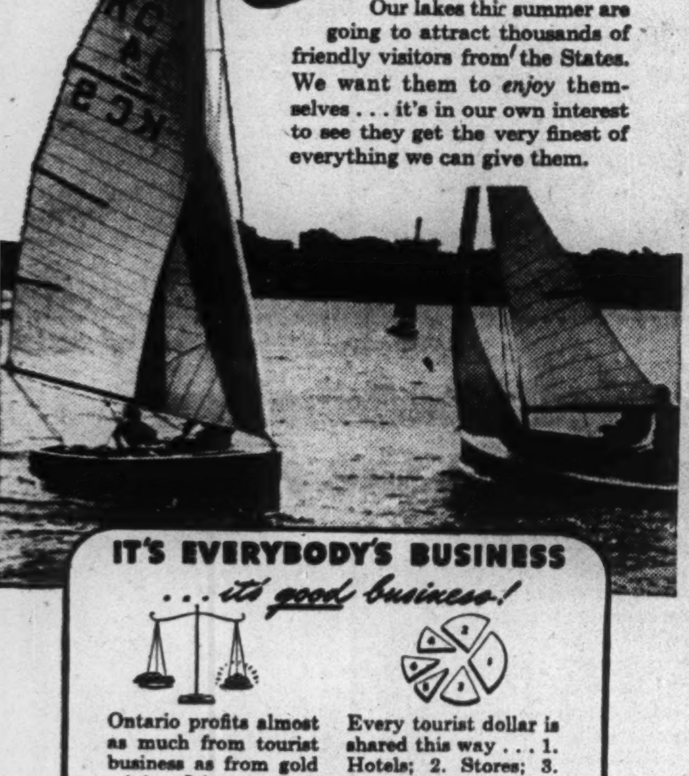

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The Class A Shares shall be entitled to preferential cumulative dividends (when and as declared by the Board of Directors) at the rate of 60c per share per annum, cumulative from July 1st, 1946, payable quarterly, January, April, July and October 1st. A full description of the participating feature attached to the Class A Shares is contained in the offering circular.

The Auto Fabric Products Company Limited was incorporated on the 22nd day of August, 1928, by Letters Patent, under the Companies Act of the Dominion of Canada, to carry on the business of manufacturing, distributing and selling fabric automobile parts and accessories.

The Company manufactures for the automotive industry a number of lines of Gabardine and "Fibretex" custom tailored seat covers to fit all yearly models of the leading automobiles distributed under its owned and registered Trade Mark Brands as well as seat covers, under private brand names, for the largest wholesale and retail outlets in Canada.

Distribution of the Company's products is made through the leading Jobbers, Department and Chain Stores and through automobile accessory distributor outlets across Canada.

Transfer Agent: Montreal Trust Company, Montreal and Toronto
Registrar: Royal Trust Company, Montreal and Toronto

**CAPITALIZATION**
(After giving effect to Supplementary Letters Patent which have been applied for)

| | Authorized | Outstanding |
|---|---|---|
| Cumulative Non-Redeemable Participating Class A Shares (N.P.V.) | 50,000 shs | 25,000 shs |
| Class B Shares (N.P.V.) . . . . . . . . . . . . . . . | 200,000 shs | 100,000 shs |

The Company has agreed to make application to list the Class A shares and the Class B shares on the Toronto Stock Exchange and Montreal Curb Market.

We offer these Class A shares and Class B shares as principals, subject to issue of Supplementary Letters Patent confirming the conversion of the existing shares of the Company into the said Class A and Class B shares, and subject to prior sale and change in price, if, as, and when issued and accepted by us and subject to approval of our Counsel, Messrs. Magee & O'Donnell, Montreal, and of Counsel for the Company, Mr. Lawrence Marks. The right is reserved to reject any application or to allot a smaller number of shares than applied for.

**PRICES:**
Class A Shares—$11.50 per share to Yield 5.22%
Class B Shares—$ 5.50 per share

It is expected that Interim Share Certificates for the Class A and Class B shares will be available for delivery on or about August 9th, 1946.

A copy of the offering circular may be had on request.

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# Farmers Disappointed, Say Wheat Pact with U.K. Penalizes Them Now, Doesn't Safeguard Future

From Our Own Correspondent

WINNIPEG — Farm opinion on the British wheat contract announced last week seems to be marked so far rather by disappointment and lack of enthusiasm, than by open hostility. The contract is not likely to be endorsed by any large body of farm opinion as guaranteeing farmers adequate compensation in future years for the loss of income they are to suffer during the next two years by failure of Canada to demand world prices for this country's wheat.

Great Britain is to get wheat for the next two years on a basis of $1.55 a bushel, perhaps 50 cents a bushel less than it would cost on an open market basis. In return, Britain undertakes to pay not less than $1.25 a bushel during the third year, and not less than $1 a bushel in the fourth year. But prices for those two years are to be subject to renegotiation, in which one factor will be the extent to which prices for the first two years prove to be below world market prices for the period. How important that stipulation will prove to be will only be determined in due course.

### Ottawa Sold Short

For the present, the position is best described by saying that it is the Government and not the farmers of the West, who has made a short sale of some 600,000,000 bushels of wheat not yet harvested. Like other short sellers, the Government now has to get the grain with which to fill its commitments; or rather, since it is the Government and is able to take the grain, its problem is to ensure the satisfaction of the farmers who will have to supply it.

Those farmers are not likely to show any desire to assume the commitments the Government has made, and thus to relieve the latter from liability. They have nothing to gain in doing so, and perhaps a good deal to lose. To gain immediate acquiescence and support, it will be necessary for the Government to offer something more than the terms of the British contract.

Perhaps a guarantee that in the third and fourth years of the contract the actual returns to farmers for their wheat will not be less than during the first two years, would get that immediate support. To give that would be an admission by the Government that farmers are being asked to take less than the present value of their wheat in order to support certain Government policies and have to be given some compensation.

Or alternatively, the Government might put itself in the position of backing its judgment of future markets, enough to declare that the net results of the contract would be better than appears on the face thereof. If it does nothing of the kind, it will have to risk present discontent and trust to future events to justify the course of action now taken. It cannot, of course, be sure that any alleviation of present discontent will be permanent and that criticism, made dormant for a time, will not revive if the future course of prices elsewhere makes the contract seem to have been undesirable.

### Farmers in Dilemma

C. J. Stimpfle, head of the Alberta Farmers' Union, was the first farm leader to criticize the agreement. He says his organization wants a guaranteed return to farmers of $1.55 a bushel for four years. A short time before, he had come out in opposition to any reopening of the Winnipeg wheat market. His position is typical of the difficulty in which a number of farm organizations now find themselves. Having opposed an open market, they are now finding that the only possible alternative appears to be the type of intergovernmental bargaining represented by the British contract, and presumably that contract represents the most satisfactory one that it was possible for the Government of Canada to make.

It is not going to be easy for them to admit that the destruction of one type of marketing system does not automatically bring into being another system from which better results can be guaranteed. Similarly, the Government will find itself in a dilemma resulting from the same facts. It is likely to find that farmers will not be content with the results of a marketing system based on intergovernmental bargaining. They are likely to demand from the Government something more, which it may not be easy for the Government to provide.

The extent to which export firms may still be able to carry on their business, under terms of the British contract, is still uncertain. For the moment, much concern is felt over the position of the flour industry. Under the contract, a certain limited volume of business with Britain is guaranteed to it, but it is nevertheless left in a very precarious position so far as its export trade is concerned. Under present conditions its losses in that respect may be passed on to some extent to the Government under the subsidy for milling flour to be sold at domestic ceiling prices; but such protection could not continue long.

## Caldwell Linen Sales Increase

Sales of Caldwell Linen Mills, Iroquois, Ont., were more than 8% higher in the six months ended June 30, 1946, than in the corresponding period of last year, a company official informs The Financial Post. Earnings are running about parallel with last year. There has been an improvement in the labor situation, but raw materials continue in very tight supply.

With the expected early delivery of six additional looms, the expansion program carried on over the last year will have been largely completed. Cost of new equipment has been considerably in excess of earlier estimated $109,000, the spokesman states. Production capacity has been substantially increased.

## BUSINESS THIS WEEK

| | JUNE | MAY | APR. | MAR. | Year Ago |
|---|---|---|---|---|---|
| THE FINANCIAL POST PRODUCTION INDEX (1) | .... | 190.1 | 189.6 | 189.0 | 233.3 |
| GOVERNMENT FINANCE (millions of $) | | | | | |
| Dom. total revenue | 262.3 | 265.7 | 156.2 | .... | 213.3 |
| Dom. total expend. | 249.3 | 243.1 | 122.3 | .... | 420.7 |
| MERCHANDISING | | | | | |
| ■Dept. store sales index no. (1) | 191.8 | 208.8 | 213.4 | 222.2 | 169.1 |
| Retail sales index no. | .... | 216.9 | 212.0 | 210.2 | 182.9 |
| Wholesale sales index no. | .... | 260.1 | 238.1 | 234.0 | 205.9 |
| Country store (% change pr. yr.) | .... | +17.2 | .... | .... | .... |
| FINANCE | | | | | |
| Dividend payment index (5) | .... | .... | 144.2 | 142.7 | 140.0 |
| Bank debits (1) | .... | .... | 222.1 | 224.6 | 180.7 |
| Bank deposits index (1) | .... | 253.1 | 248.1 | 250.2 | 223.6 |
| Money supply (millions $) | .... | .... | 7,190 | 7,084 | 6,321 |
| NEWSPRINT CAPACITY | | | | | |
| ■Production ratio | .... | .... | 93.8 | 92.8 | 70.5 |
| ■Shipment ratio | .... | .... | 96.7 | 89.0 | 75.8 |
| RAILWAY FREIGHT LOADINGS | | | | | |
| ■Tons (D.B.S.) index | 193.7 | 184.4 | 187.9 | 198.5 | 226.7 |
| ■Cars (D.B.S.) index | 141.3 | 146.4 | 143.9 | 150.1 | 156.0 |
| COST OF LIVING | | | | | |
| D.B.S. index | 123.6 | 122.0 | 120.8 | 120.1 | 119.6 |
| EMPLOYMENT INDEX, D.B.S. | | | | | |
| All industries | .... | 169.2 | 168.9 | 167.0 | 175.5 |
| Manufacturing | .... | 186.1 | 184.9 | 182.6 | 210.6 |
| Payrolls (June 1/41=100) (2) | .... | 138.0 | 139.5 | 137.3 | 144.8 |

| | | | Jan. 1 to date | | Change |
|---|---|---|---|---|---|
| RAILWAYS—(000's omitted) | 1946 | 1945 | 1946 | 1945 | % |
| ■Carloadings (week July 20) | 68.2 | 71.8 | 1,931.4 | 1,979.8 | —2.4 |
| ■C.P.R. gross rev. (July 21) | 5,167 | 6,261 | 155,190 | 173,834 | —10.8 |
| C.N.R. gross rev. (May) | 30,784 | 37,617 | 154,554 | 174,212 | —10.1 |
| C.N.R. net rev. (May) | 3,388 | 7,598 | 15,150 | 30,050 | —49.6 |
| C.P.R. gross revenue (May) | 22,589 | 26,622 | 116,298 | 126,655 | —8.8 |
| C.P.R. net revenue (May) | 1,048 | 3,537 | 6,528 | 12,567 | —48.1 |
| IRON AND STEEL (000's omitted) (May) | | | | | |
| Pig iron production (tons) | 159.1 | 155.6 | 746.1 | 782.9 | —4.7 |
| Steel produciton (tons) | 259.6 | 267.6 | 1,234.8 | 1,338.5 | —7.3 |
| CONSTRUCTION (000's omitted) | | | | | |
| Contracts awarded (June) $ | 66,401 | 58,875 | 342,606 | 175,748 | +94.9 |
| Building permits (May) $ | 45,324 | 17,860 | 172,287 | 61,107 | +181.9 |
| Cement prod., bbls. (Apr.) $ | 1,002.4 | 615.9 | 2,190.1 | 1,364.0 | +53.2 |
| AGRICULTURE (000's omitted) | | | | | |
| Flour prod., bbls. (May) | 2,344 | 2,108 | 22,088 | 20,729 | +6.2 |
| Flour exp., bbls. (June) | 1,060 | 1,613 | 7,523 | 7,491 | +0.3 |
| Wheat exp., bush. (June) | 9,947 | 43,295 | 79,368 | 110,485 | —28.2 |
| Cattle sales (June) (4) | 113.6 | 101.4 | 711.6 | 773.3 | —8.0 |
| Hog sales (June) (4) | 190.8 | 367.5 | 2,457.9 | 3,429.8 | —28.9 |
| SEA FISHERIES (000's omitted) | | | | | |
| Catch, cwt. (May) | 1,216 | 1,100 | 2,821 | 3,352 | +15.9 |
| Landed value (May) $ | 7,881 | 6,331 | 14,432 | 12,943 | +11.5 |
| NEWSPRINT (000's omitted) | | | | | |
| Production (June) | 344 | 266 | 2,003 | 1,545 | +29.7 |
| ■Exports, tons (Apr.) | 348 | 264 | 1,270 | 980 | +29.6 |
| MINING AND OILS (000's omitted) | | | | | |
| Coal prod., tons (April) | 1,363.6 | 1,321.1 | 6,421.1 | 5,986.3 | —6.8 |
| Gold rec. (fine oz.) (May) | 223 | 222 | 1,180 | 1,083 | +8.9 |
| Petroleum prod. (brl). (Apr.) | 644.4 | 692.9 | 2,598.6 | 3,133.1 | —7.1 |
| ELECTRICAL POWER OUTPUT (000,000's omitted) (May) | | | | | |
| Total monthly kw.h. | 3,616 | 3,593 | 17,271 | 17,261 | +0.1 |
| FOREIGN TRADE (millions of $) | | | | | |
| Imports (May) | 164.2 | 143.8 | 722.2 | 652.2 | +10.7 |
| ■Exports (June) | 166.7 | 322.8 | 1,062.8 | 1,718.4 | —38.2 |
| FINANCE (millions of $) | | | | | |
| Bank debits (May) | 6,116 | 6,894 | 28,896 | 26,582 | +8.8 |
| Bond sales (June) | 236.9 | 148.6 | 2,676.6 | 3,610.8 | —35.9 |
| ■Life insurance sales (June) | 103.9 | 54.9 | 584.4 | 369.3 | +58.2 |
| OTHER INDUSTRIAL FACTORS (000,000's omitted) | | | | | |
| ■Shoe prod., pr. (May) | 4.1 | 3.3 | 18.9 | 16.0 | +18.1 |
| Cigarette cons. (no.) (June) | 1,181 | 1,182 | 6,951 | 6,884 | +0.9 |

(1) Base period 1935-39=100.
(2) All industries.
■New items for week.
(4) Total at yards and plants.
(5) Nesbitt, Thomson, ets.

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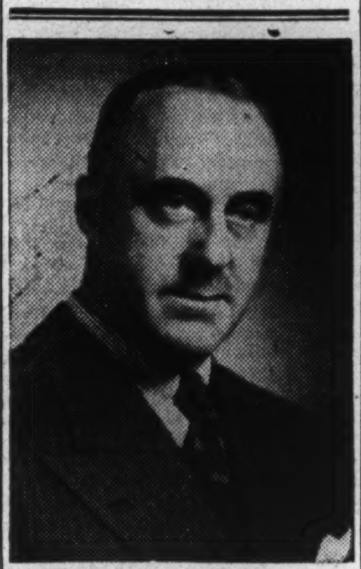
## Bumper Crops Would Tax Supplies of Binder Twine

A bumper grain crop this year would see Canada's twine supplies running precariously low, manufacturers state. If present crop estimates are borne out, all this year's production plus last year's carryover will be absorbed and considerable transferring of inventory supplies about the country will likely be necessary.

Twine production is only running on a par with last year, despite the tremendous potential demand. Overtime and double shifts in the factories are out of the question because of continuing shortages of essential raw fibres.

There has been little or no improvement this year in raw fibre supply, which is still distributed on an allocation basis by the Government. Practically the only Canadian source for the raw material—sisal fibre—is Africa. There has been no authentic word yet on the condition of sisal plantations in the Netherlands East Indies which before the war, along with Philippine manila fibre, supplied about 50% of Canada's fibre requirements for rope and twine.

The over-all world supply picture in sisal and manila fibres continues so tight that government controls are expected to continue for another year at least, manufacturers say. Small shipments of manila from the Philippine Islands have been received this summer in the United States, but very little has been made available to Canadian industry as yet.



Lieut.-Col. St. Clair C. Holland of Montreal has been elected a director of Auto Fabric Products Company Limited, it was announced by T. F. Rose, President. Colonel Holland is President and Managing Director of the Robert Mitchell Company Ltd., and Chairman of the Executive Committee; President and Managing Director of The Garth Company; Vice-President of the Direct Steaming Company of Canada, Ltd.; and a Director of Mitchell-Holland Ltd., and the Guardian Trust Company.

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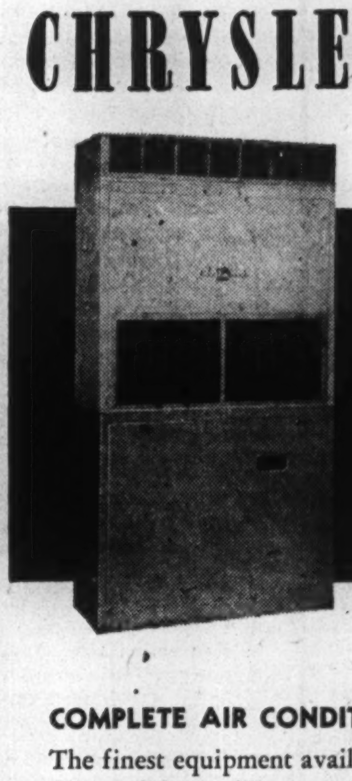

Studebaker Heavy-duty-model Truck with 12-ft. stake body

These big, able-bodied Studebakers bear the load and spare the cost

CANADA'S need for top-quality trucks of all sizes is enormous—and it will be some time before supply catches up with demand.

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This means that, before too long, Studebaker dealers will be able to supply truck operators with rugged new large-capacity Studebakers of tested reliability.

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Fresh from its war role as one of the world's largest builders of heavy-duty military trucks, Studebaker has now embarked upon a greatly expanded truck building program for the civilian public.

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# The Financial Post

Vol. XL | Publication Office: Toronto, August 3, 1946 | No. 31

# Is This the End of the Bull Market?

By JAMES H. JOYCE

Despite the sudden sharp market break on Tuesday, July 23, most Canadian market analysts do not believe that we have entered a bear market. Support for their belief is indicated by the accompanying chart which compares the market trends of 1923-29, 1931-37 and 1941-46. It shows a remarkable similarity in both the trends and timing of the action of the three markets. By one yardstick, it would indicate that Canadian stocks might hit a peak of from 59% to 85% above their present levels some time in 1947 (as measured by the Dominion Bureau of Statistics Index of 100 common stocks).

Support is also given from the technical approach of Dow theorists. According to their interpretation the stock market is in an intermediate down trend. However, until the February lows of 186.02 for the Dow-Jones industrials and 60.53 for the rails are decisively broken the long term trend is still regarded as upward. Many theorists feel that the market's action since last February appears to indicate stock accumulation.

The considered opinion of certain investment advisers appears below. Although the interpretations vary according to individual theories, the consensus is that the market will go higher.

**See Higher Production**

The main argument in support of higher stock prices in the long run is expectation of increased production once the current wave of labor unrest subsides. A further strengthening factor is seen in the volume of funds still available for investment. (Savings deposits in Canadian chartered banks were at a new high level of $3,363 millions at the end of June.)

But even those most confident of higher stock prices over the longer term were unwilling to express an opinion as to the course of the market's action over the next month.

As another indication of the possible price action of Canadian stock prices, The Financial Post shows a comparison of the DBS index of common stocks in three bull market periods. The indexes were plotted on a ratio scale which gives a comparison of percentage changes. Position of the three lines on the chart is arbitrary.

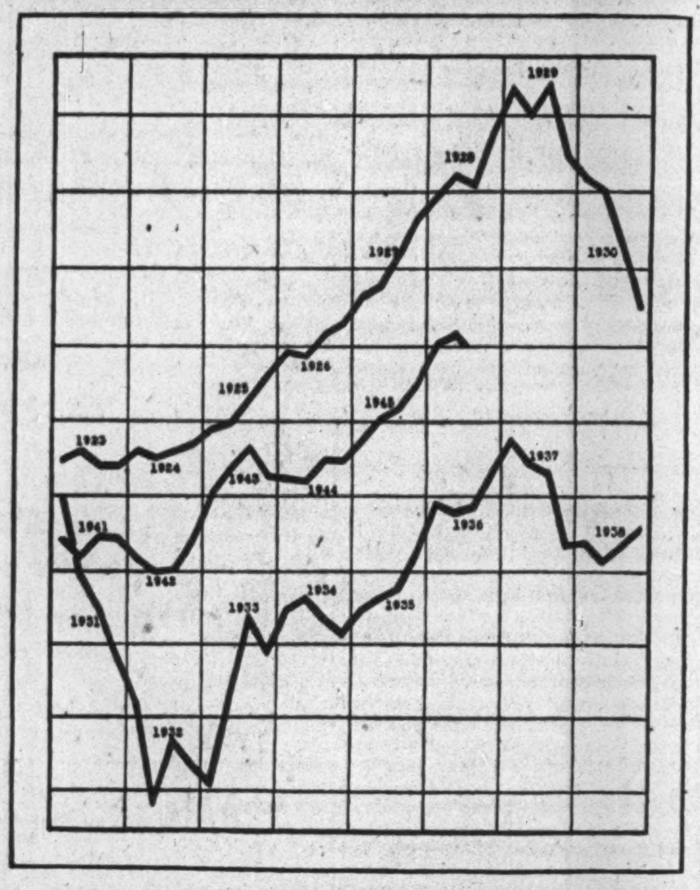
The remarkable similarity between the action of the DBS index in the present market and the action in the 1929 and 1937 markets seems significant. In the 1929 market there was a recession in 1928. In the 1937 market there was a recession in 1936. There is a setback now in the current market. The final break came about one year and one-month after resumption of the uptrend in 1928; about 11 months after the upswing was resumed in 1936. If the present market were to follow suit, a break might be expected in the summer or early fall of 1947.

In the four years and one month from April 1924 to May 1928, common stock prices rose 138.4%. In the three months from May to August 1928, they lost 16.6% of their rise. In three years and eight months from June 1932 to February 1936, common stock prices rose 179.9%. In the three months from February to May 1936, they lost 10.0% of their rise. In four years and one month from April 1942 to May 30, 1946, they rose 106.4%. In the two months since then, common stocks have lost 16.6% of their rise—the same as the 1939 three-month drop but more than the 1936 drop.

Comments of the investment advisers follow:

**The Financial Post has invited some of Canada's most outstanding investment men to contribute their views on the probable trend of the market over the next twelve months. Here is the considered judgment of those who accepted the invitation.**

## The Pattern of Boom and Bust



These are the graphs of three bull markets (1923-29, 1931-37 and 1941-??). Each horizontal line represents a 25% rise or fall. Each vertical line represents 12 months.

## Mackenzie Williams

**City & Dominion Co.;** Mackenzie Williams: Investment policy at this time should be a balanced and progressive program. It is our opinion that industrial production and business activity will be sustained at high levels in both Canada and the United States at least through 1947, and that profit margins will be reasonably satisfactory in the majority of industries. These views are confirmed by various authorities in the United States, with whom we have discussed the outlook during recent weeks and whose opinions we regard most highly.

There is no doubt that the enthusiasm of investors has been dampened by the continent-wide strikes and rising labor costs, and this uncertainty probably explains the failure of the market to make any headway since the beginning of the year. Nevertheless, we believe that a moderately higher level of common stock prices over the next six to twelve months may be reasonably anticipated.

Probably the most important recent market influences have been the termination and reinstatement in modified form of the OPA in the United States, and in Canada, the effects of the recent Budget proposals and the return of the Canadian dollar to parity with the U. S. dollar. Provided the rising trend of commodity prices in the United States is restricted and controlled by increased production and competition, both the near-term and long-term influence on earnings and security prices should be favorable. Market reaction to the Ottawa Budget was somewhat bearish, and probably indicated that the proposals, while favorable to business, were simply less favorable than had been hoped for. It appears likely that subsequent market action may put a more favorable interpretation on the latest tax proposals, more especially in the case of those companies which will benefit by the proposed further reduction in the excess profits tax, effective in 1947.

**No Change in Policy**

In these developments, we can find no reason to reverse or change the systematic policy of accepting and freezing profits which we have recommended during the past year. Even under the most favorable general market conditions, it is obvious that some securities have, and will continue to become, fully valued or over-valued on a basis of even their best earning possibilities. Whenever the probability of ultimate capital loss exceeds the likelihood of further capital gain, it is desirable that profits be accepted.

During the coming year, it is our opinion that further steps should be taken by the majority of investors in the consolidation of profits by transfer of additional funds from common stocks to bonds and high-grade preferreds. The purpose, of course, is to maintain a reasonable balance, or "middle-of-the-road" position as between equities and fixed income, or "defensive," securities. The equity, or growth, section should be large enough to give the investor a share in the anticipated further advance of the market, plus a reasonable hedge against inflation. On the other hand, there should be sufficient bonds and preferred stocks to provide protection in the event of an unexpected deterioration of the corporation profit outlook, or a reversal of investor psychology. The possibility for development of such unfavorable psychological backgrounds has been well demonstrated in recent weeks. A 50-50 balance would appear to be a reasonable objective to be aimed at by the majority of investors, although the percentage in fixed income securities would necessarily be larger in cases where the individual is retired and/or dependent solely on investment income for his or her living requirements.

**Parity Effect Slight**

The sudden return of the Canadian dollar to parity with the U. S. dollar will, in our opinion, have little over-all effect on the market prices of Canadian industrial stocks. It was thought by some, immediately following the announcement, that the paper industry would be adversely affected through the loss of the 10% premium on newsprint and pulp sales to the United States. However, in the face of the tight supply situation, it was possible for the Canadian paper companies almost immediately to advance export prices sufficiently to offset the loss of the premium. Other industries, such as the base metal producers, will receive offsetting advantages through recently announced price advances in London and the U. S.

Many industries will obviously be helped through the reduced "laid down" cost of materials and parts purchased in the United States. Manufacturers of consumers' durable goods, such as automobiles, refrigerators and other equipment, are examples. Companies using large amounts of U. S. coal, such as Consumers' Gas, will also be materially benefitted.

The most adverse effects will be felt by the gold mines, but this situation has already been fully discussed in the press and no further comment would seem called for regarding the loss of the $3.50 premium per ounce. The results will obviously be serious for the marginal mines whose costs were already running close to revenue from sales.

## Col. Deacon

**F. H. Deacon & Co.;** Col. F. H. Deacon: I have not changed my opinion of the market from that I expressed in a circular letter sent May 7, 1946, to our clients. Stocks that will benefit by peace and have had little advance in the past four years or are now selling lower than pre-war prices should be bought. This applied particularly to those with large working capital and which are a first charge on assets and earnings of their respective companies.

I expect comparatively high cost money within two to three years. First mortgages will be available on good real estate security at 5½-6%, when building materials and efficient labor are available at fair cost. For this reason I have advised clients to sell low yield bonds and leave the funds in the bank.

Speculative stocks that have had large percentage gain in price will continue to decline as they have for the past three months. The improvement in the financial position of various companies justified large advances but the public recently seems as determined to buy at high prices **as formerly** it wanted to **sell** what shares couldn't go more than $2 or $3 lower, as they don't go below zero. Now prices on these speculative stocks are high, some are afraid to sell their holdings lest they should not get the top price. They do not realize that a 100% profit represents a 5% yield for 20 years and in addition, is tax free.

I do not pretend to guess the top of the market but one does not need to be a prophet to know when the bottom is close, if not reached. Sound industrials or utilities that have been well managed for 50 years to a century, are still available. There are a few stocks with equity in excess of today's market and with ample working capital.

Safety of capital and comparative values of securities are matters that deserve consideration. Putting profits into bank deposits and leaving them there for a couple of years might be wise if investors do not wish to buy slower moving securities that are a first charge on assets and earnings and paying dividends.

**Investment Adviser;** (Name withheld on request): We believe that the Canadian markets are shaping up for what might be termed the third and final phase of the rise that commenced back in April of 1942, and accordingly, we recommend the purchase of stocks over the next few months.

Our reasons are that the many obstructions with which business has been faced since V-J Day are being overcome, and the flow of goods which is now beginning to improve will be apparent by the early part of next year. We are in a rising price spiral which will not be denied, de-

(Continued on page 15)

# $7.5 Millions June-July Wage Toll Merchants as Well as Strikers Lose

By CLIVE CHATTOE

Lost . . . $7.5 millions.

That is the price 45,000 striking Canadian workers have paid in cancelled wages in June and July.

But the striker isn't the only loser. Next and quickly, the district merchant and small businessman takes the rap. And then workers in industries using materials that have been shut off by strikes, as shorter hours and layoffs eat into their earning power.

Some of the lost wages have been made up by strikers taking stop-gap jobs in other industries. Union officials estimate perhaps half of the men on strike have taken part-time or full employment elsewhere. But this at best would represent only a $3.5 million offset to strike-lost wages, leaving at least $4.5 millions as net loss to payrolls and trade in recent weeks.

Just how many millions of dollars in trade and collections are being lost or deferred because of strikes and strike-caused layoffs won't be known until the trade associations catch up statistically with the business picture. Already apparent, though, is the fact that the economic loss is a grievous blow to small businessmen in the strike areas.

In Hamilton, with perhaps largest per capita total of strikers, the restaurant association reports business of local origin off sharply but this loss nearly offset by increased tourist trade. The latter, instead, had been expected to support near-record volume, a hope now dashed by total idleness of well over half the 8,400 striking or laid off workers.

Layoffs due to strike shortages are also expected to contribute to declining purchases and payments in retail trade. National Steel Car in Hamilton, Ont., last week laid off 500 men for lack of steel and there were signs other plants and industries might be following suit, and at an increasing tempo, if current strikes continue through August.

And earlier major strikes, now settled, still are felt at the corner grocery and general store in perhaps a dozen smaller centres. Valleyfield, Que., is an example. There, 3,000 employees of Montreal Cottons (Dominion Textile subsidiary) are only this week returning to work after a 7-weeks strike in concert with the 2,000 striking (out of 3,000) employees of the parent company in Montreal. In Renfrew, Ont., 152 Renfrew Woollen Mills workers manned machines again a few weeks ago after a 2-month strike. Effects reportedly are still being felt in B. C. cities and towns of the May 15-June 19 International Woodworkers CCL-CIO strike involving 37,000 workers and 147 operators, and in Great Lakes ports of the recent lake seamen's strike (Canadian Seamen's Union TLC).

Here are the communities currently affected.

| Place | Date of strike start | No. workers Involved | Employer | Union |
|---|---|---|---|---|
| Sydney, NS. | July 15 | 4,000 | Dom. Steel & Coal | Un. Steelworkers of Amer. CCL-CIO. |
| Montreal | July 25 | 800 | Candn. Tube & Steel | Un. Steelworkers of Amer. CCL-CIO |
| Bowmanville, Ont. | June 24 | 700 | Goodyear Tire | Un. Rubber Workers of Amer. CCL-CIO. |
| Kingston, Ont | July 16 | 40 | Monarch Battery | Un. Electrical Workers CCL-CIO |
| Sault Ste. Marie | July 15 | 4,200 | Algoma Steel | Un. Steelworkers of Amer. CCL-CIO. |
| Toronto West | June 24 | 300 | Seiberling Rubber | Un. Rubber Workers of Amer. CCL-CIO. |
| Toronto West | June 24 | 1,400 | Gutta Percha | Un. Rubber Workers of Amer. CCL-CIO. |
| Toronto East | July 8 | 700 | Amalg. Electric | Un. Electrical Workers CCL-CIO. |
| Toronto E. & W. | June 25 | 600 | Monarch Knitting | Un. Textile Workers TLC-AFL |
| New Toronto | June 24 | 2,400 | Goodyear Tire | Un. Rubber Workers of Amer. CCL-CIO. |
| New Toronto | May 18 | 1,400 | Anaconda Amer. Brass | Un. Mine, Mill & Smelter Workers CCL-CIO. |
| Leaside (Toronto) | July 9 | 1,200 | Can. Wire & Cable | Un. Electrical Workers CCL-CIO. |
| Oakville, Ont. | June 24 | 110 | Barringham Rubber | Un. Rubber Workers of Amer. CCL-CIO. |
| Hamilton | July 15 | 4,800* | Steel Co. of Canada | Un. Steelworkers of Amer. CCL-CIO. |
| Hamilton | June 24 | 1,400 | Firestone Tire | Un. Rubber Workers of Amer. CCL-CIO. |
| Hamilton | July 5 | 4,000 | Candn. Westinghouse | Un. Electrical Workers CCL-CIO. |
| Welland, Ont. | July 9 | 1,300 | Electro-Metallurgical | Un. Electrical Workers CCL-CIO. |
| Kitchener, Ont. | June 24 | 4,000 | Dominion Rubber<br>Candn. B. F. Goodrich<br>A. R. Kaufman Rubber | Un. Rubber Workers CCL-CIO. |
| Chatham, Ont. | June 18 | 500 | Chrysler Corp | Un. Automobile, Aircraft & Agricultural Implement Workers CCL-CIO. |
| Amherstburg, Ont. | July 12 | 400 | Brunner-Mond Canada | Un. Automobile, Aircraft & Agricultural Implement Workers CCL-CIO. |
| Walkerville, Ont. | June 18 | 300 | Truscon Steel of Can. | Un. Automobile, Aircraft & Agricultural Implement Workers CCL-CIO. |
| Windsor, Ont. | June 18 | 3,500 | Chrysler Corp. | Un. Automobile, Aircraft & Agricultural Implement Workers CCL-CIO. |
| Windsor, Ont. | June 18 | 530 | Candn. Industries | Un. Automobile, Aircraft & Agricultural Implement Workers CCL-CIO. |
| Calgary | June 15 | 200 | 8 coy's. (foundries) | Un. Mine, Mill & Smelter Workers CCL-CIO. |
| Vancouver | May 28 | 700 | 32 coy's. (foundries) | Un. Mine, Mill & Smelter Workers CCL-CIO. |
| B. C. Mine Towns | July 3 | 2,500 | 12 gold and copper mining properties represented by committee headed by G. H. Lock, K.C., Vancouver. | Un. Mine, Mill & Smelter Workers CCL-CIO. |

*Hamilton, Steel Co. of Canada.—Of the 4,800 workers, about 2,300 dissenting from the union's strike policy are still working, and at premium pay. But, since plant is under picket siege, strikebreaking workers are being fed and serviced within the plant. Their families, however, may be enjoying income and buying much as usual, reports say.

# *Free Market for Gold Not Impossible If Limited to Bullion Mined in Canada*

**This is the second of two articles by Professor Donald C. MacGregor of the University of Toronto on the subject of gold prices. Professr MacGregor is a graduate of U. of T. and associate professor in the Department of Political Economy in that university. In the accompanying article he discusses the likelihood of a free market in gold and tells what it would mean to Canada.**

By DONALD C. MacGREGOR

**1. A member of Parliament has recently suggested that "a free market for gold be established right here in Canada." (R. A. Adamson, York West, July 9). Is this possible or practicable, and if so how?**

An entirely free market for gold in Canada would not be feasible at present, since it would jeopardize the country's monetary reserves by committing the government to sell gold in unlimited quantities at a time when the demand for gold for speculative purposes and hoarding might be very large. Moreover, sale of gold to Canadians would be almost equivalent to sale of American dollars, which is restricted by the Foreign Exchange Control Board especially in the case of capital movements. A free market presupposes willingness to relax foreign exchange restrictions, or to force their withdrawal.

At present, newly produced Canadian gold is sold to the Mint which, after refining it further, sells it to the U. S. Treasury in exchange for U. S. dollars. The gold is sold in the United States rather than elsewhere because we have more need to replenish our bank balances in that country than anywhere else, owing to our heavy purchases of U. S. goods and services and the large amounts of interest, dividends and principal payable to American investors. Furthermore, the cost of shipping and insuring gold to the United States is less than to overseas. After being converted into a bank balance in New York, the proceeds from gold sales may be used in the ordinary way, for making payment to banks representing exporters in any foreign country in which adequate Canadian-owned balances are not available.

Under certain limitations which may or may not be practicable from an administrative standpoint the proposed free market for gold in Canada deserves careful consideration. Supplies offered on the market would probably be restricted to (1) gold newly mined in Canada and (2) existing gold already in the possession of private owners in Canada. With regard to the latter there were indications of a free market in Toronto last year — at $40 an ounce. ounce.

Another source of supply to a free market would be (3) gold shipped into Canada by foreign owners. If such gold were sold to Canadians the demand for Canadian-owned foreign exchange would be increased when the vendor sought to convert the Canadian dollar proceeds into their own currencies; India has tried to meet this problem by placing a duty on gold imports, and by foreign exchange control.

If instead foreigners sold gold to Americans through a Canadian gold market, the resulting exchange problem would be virtually one of converting U. S. dollars into foreign currency. Hence U. S. foreign exchange policy would be involved. So much, then, for the supply of gold offered on a free market. Evidently the third source of supply would be hardest to predict and most likely to involve us in international complications, hence there would be much to be said for excluding foreign gold from a Canadian market if it were possible to prevent smuggling.

If more gold could be sold at $35 an ounce than was available from the sources open to the free market, the market price would rise until the amount sought and amount becoming available in a given time were equal. This is the ordinary condition under which price adjusts supply and demand in a free market.

As to the demand, some would come from Canadians seeking gold for hoarding in Canada, some from Canadians buying for a short hold in anticipation of higher prices, and some from those intending to sell the gold in another country as a means of securing foreign funds not otherwise obtainable. Demand would also come from buyers in other countries; and as their own governments might not permit them to take gold home with them, they might be obliged to store it in Canadian vaults. It is likely that a large demand would come from private sources in the United States, sufficient to raise gold to a large premium over the official price. If so, the proceeds from the sale to Americans only a part of our annual output (the remainder being bought mainly by Canadians) might well amount to a larger number of United States dollars than the sale to the United States of all our newly mined gold at the present time.

It has been argued recently in the House of Commons that the private demand for gold in India and the Near East, where the principal free markets now exist at Bombay and Alexandria, is not large enough to absorb much more gold at the high price and that it would soon fall to par. Whether or not this is true, the difficulty of converting the proceeds in rupees or piastres into Canadian currency or into desirable imports is a sufficient obstacle to large sales in the East. South Africa's experience might be studied to advantage.

As already suggested, I believe that the potential demand for gold offered in a free Canadian market exists mainly in the United States and not in the East; that it will exist as long as grave danger of increasing inflation continues; and that if it could be exercised legally it would be large enough to take the current Canadian output for some time at a substantial though fluctuating premium over the present price. This is simply a hunch based on a general view of the situation. I have not had an opportunity to test it by discussion with prospective American buyers or by conducting a Gallup poll.

In contrast with the view stated in Parliament, then, I feel that provided United States buyers were able to acquire newly mined Canadian gold, the supply would probably be too small rather than too large for some time to come. So small, indeed, in relation to potential demand that there would be greater chance of an extreme rise in gold than in commodity prices.

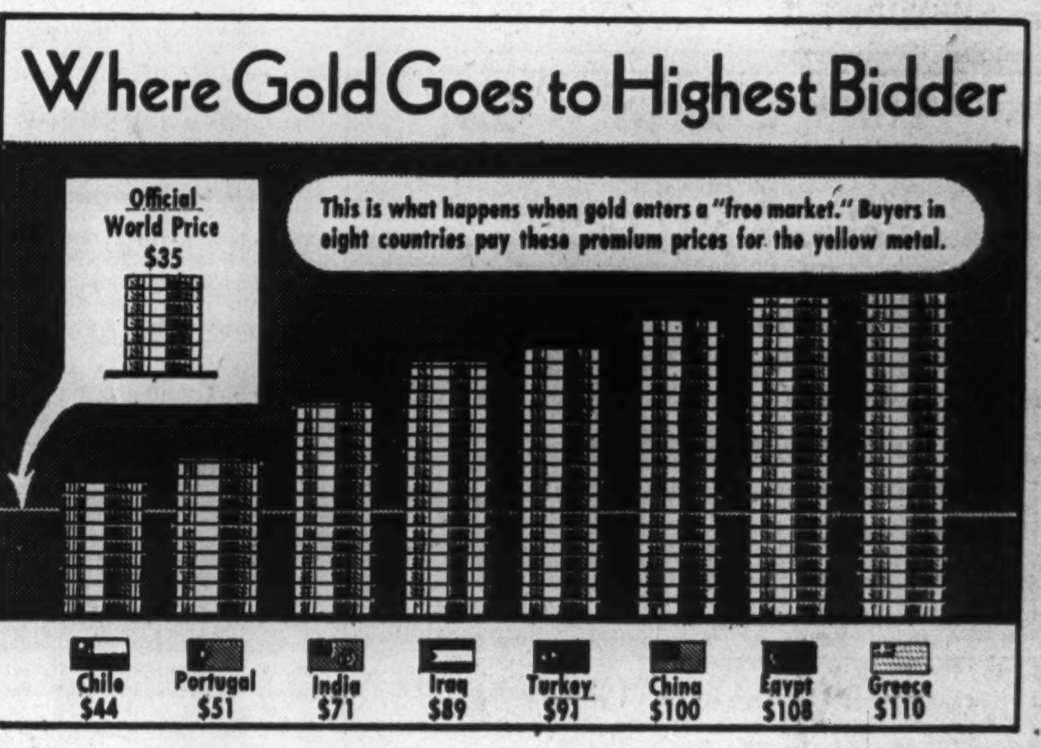
Incidentally, it may occur to some readers that very high gold prices, if they lasted for only a short period, would be a doubtful blessing to the gold mining industry from a long-term standpoint. It might be necessary to admit the third source of supply already discussed, namely foreign metal, to prevent the bullion market going too high.

The extent of the trading in gold would, of course, depend in part upon the organization of the market and to some degree on the accessibility of credit and the amount of margin required. As there would be a floor price of $35, margin requirements would would be very liberal up to that point.

A movement of gold into private hands would correspondingly reduce the amount available for additions to monetary gold stocks held by Central Banks. If the quantities diverted from the monetary stocks were large, governments would be more apt to raise the gold price in order to spin out the supply in their hands, but steps to secure abolition of the free market would probably be taken first and might prove embarassing to Canada mint if initiated by a foreign government.

It is evident that private own-

(Continued on page 13)



# Lots of Money in Gold If Sold in Black Market

Want to make some fast money? Put your fortune into English sovereigns, take them to Palestine and sell them for 2½ times their gold value in British pounds. Or try Italy's illegal gold market. Italian dealers are reported offering three times as much in lire for gold as they are for dollars.

The price varies from day to day and from place to place, but everywhere it's far in advance of the U. S. Treasury's $35 an ounce. It has reached three times that figure on occasion. The Bank of Mexico is reported to have sold large quantities at $40.53 an oz., the Chilean mint at $44. Bombay prices were recently reported at $71 an oz., Cairo $108, Athens $110.

Fifteen countries—Egypt, India, Iran, Iraq, Palestine, Trans-Jordan, Syria, Lebanon, Greece, China, Cuba, Chile, Brazil, Mexico, and the Argentine — today permit private gold holding and gold trade within their borders. About these 15 "open" markets is centred a world-wide illicit trade in the precious metal. The black market has taken on a distinctly yellowish tinge.

**Safer Than Real Estate**

Officially abandoned by every country as its official currency, gold is reported an extra-legal currency in many nations. Illegal gold is almost the exclusive currency on black markets in Greece and Hungary, circulates along with inflated paper on other European and Middle Eastern markets.

Demand for gold for black market buying, plus its value to those outside the Anglo-American countries and Russia who are seeking to protect their wealth against crazy paper money, is building the boom in gold prices. The hoarders feel that gold is a safe investment, and easier to move and to hide from tax collectors than real estate.

Indications are that the whole boom-price structure would be knocked down if the U. S. Treasury permitted miners to sell on the open market. The argument is that their release of gold would soon push the price down to the $35 floor, maintained the world over by U. S. willingness to buy at that price from all comers. Support is lent this argument by a report from Cairo that gold prices in the bazaars dropped 50% for a brief period when the Egyptian Government made several small sales.

Because practically all legal transactions in gold are based on the price of $35 a fine ounce in U. S. dollars and because the United States, with its vast reserves of gold, can protect that price, $35 is considered the "official" world price. Even governments which sell gold coins or bullion at a higher price usually buy their raw gold at this figure.

**Bar International Sales**

Mine operators, pressing for an open market, say they are willing to take a chance on a drop in prices as a result of wide-open dealing. The complicating factor, however, is that sale of gold by individuals across international boundaries is illegal everywhere. In areas where a government or central bank does not retain a monopoly over gold import and export, jewellers, dentists and industrial users can import only under close license.

Even in the United States, where gold regulation is strict, it is reported that some gold mined by prospectors and some from melted-down jewellery and other industrial sources is finding its way across the Mexican border and into Cuba.

# *Effect on Trade, Not Price Dictates Canada's Gold Policy*

OTTAWA (Special)—When Acting Finance Minister Douglas Abbott explained the Government's policy in regard to selling gold last week, he was adhering to a fiscal principle laid down by Senator E. N. Rhodes when he was minister of finance from 1932-35

It was Mr. Rhodes who established the policy of handling gold "in the national interest" rather than in the interests of the gold mines. The order governing gold transactions still carries his signature, although it has been modified since.

Procedure under this order is that the minister of finance decides where Canada's gold is to be sold. Then the price of gold in the country selected, converted into Canadian funds, is the price that is to be paid to the gold miner. There is nothing in the order directing the minister to obtain the "best" price. Rather, it goes to the country which, in the opinion of the minister, can most benefit Canada's trade and exchange position.

In recent years this has meant dealing almost exclusively with Washington, although Canada did sell to Great Britain for a a time in the 30's when the pound sterling went to a premium above $4.86 in New York funds.

Although the policy on sales of gold is not directly aimed at the maximum profit for gold miners, government spokesmen feel that the mines will do better accepting the "official" price than they would if they tried to sell their gold separately and so risked the possibility of ending the official market. It is felt in Ottawa that a completely free market would mean demonetization of gold; that this, in time would mean the freeing of vast stocks of accumulated gold; and that this would quickly swamp any unofficial demand for gold for the purposes of hoarding, making jewellery, etc. Under these circumstances it is felt that the price of gold would go well below $35 an ounce.

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*Chalmers' Diary*

# Most German Cities Lie in Ruins But Farms Thrive, Crops Are Good

*Floyd S. Chalmers, Executive Vice-President of Maclean-Hunter Publishing Company Limited, is one of a party of 17 Canadian publishers and editors, who attended the Imperial Press Conference. Following is the ninth of a series of articles.*

KREFELD, GERMANY

SATURDAY—This town used to have a luxury hotel. Half the hotel is still standing, almost the only building even partly intact in what was once a busy silk-manufacturing centre of 140,000 souls. The hotel is now the British Officers' Club and here we spend the night. From my window I can survey a scene of ruin and desolation. But not complete ruin; about 25% of the town, mostly in the suburbs, is still standing after two RAF saturation raids.

Driving through the Rhineland today we passed via Cleves, ancient and once very beautiful, but with not a single building intact. And we stood at the Wesel bridge, a monster, twisted hulk, blown by the Germans as they retreated. As we looked across the Rhine to the town, nothing could be seen but the bare, gaunt skeleton of a city. Not a wisp of smoke (nor a house chimney for it to emerge from); not a solitary person visible in the wreckage of the streets.

Our first glimpse of Germany was a revelation of the results of the "total war" Hitler decreed. We bumped our way over broken roads up the route taken by Crerar's Army when he, and others of Monty's armies, made their dash for the Rhine in Feb., 1945. We swept past the frontier fort with no Gestapo officers, no customs men to stop us, only a British corporal to wave us on. On the road to Kranenburg not a farmhouse or pigsty was left standing; the artillery and tanks had systematically destroyed them to clear the road for the advancing troops. A few Germans emerged from the rat-holes of their cellars to watch us pass.

Next we came to Cleves, completely and totally wiped out in a one night raid by 200 heavy bombers. The ruined towns of Germany give a greater appearance of destruction than the cities of Britain. There the ruins have been tidied up. Here the bulldozers have pushed roadways through the rubble, but practically none of the buildings have been touched. Most of the people have had to work at more important tasks on the farms, mining coal, etc. And, of course, Germany's strong young men are not here; they are still war prisoners in Russia and elsewhere.

• • •

## Crerar was "Admiral" on Flooded Battlefields

It is hot and dry today and it takes a healthy imagination to realize the conditions under which Canadians fought here at the time General Crerar was nicknamed "Admiral" Crerar. The rains were heavy that winter and the retreating Germans opened dykes to flood the roads. There was four feet of water then on the road we travelled today and Crerar made history by conveying supplies from one high point to another in amphibious craft —"Buffaloes," which were later used to cross the Rhine.

We drove on through the Siegfried line, now overgrown with weeds and crops; past the Reichswald and the Hochwald, where Canadians gained much glory in terrible fighting. We stopped a few times on the Rhine to see the spots where crossings were made against withering enemy fire or where bridges, capable of carrying 40-ton tanks, were flung across this treacherous river in 48 hours, with the enemy on the opposite bank pounding the engineers remorselessly.

We stopped for lunch at the site of one such famous crossing. The farmer and his wife had a Dutch flag in the window. I was sceptical, but I am afraid that after I had talked to them in the few hundred words of German I know, I was convinced. They took me inside. The place of honor on the wall was occupied by a photograph of a British officer who had made the house his H.Q. They told me the officer writes them friendly letters occasionally. I asked the 19-year-old daughter if she had fallen in love with him and she admitted shyly that she had, and hoped one day to see him again. A swarm of youngsters quickly gathered from nowhere and shared our lunches with us.

• • •

## Say Hitler Didn't Dare Visit Rhineland Area

We drove on to Xanten, where Major Fred Tilston won his V.C.; to other Rhine points and finally here. In some of the towns the people got quickly out of our way; some glowered at us; some smiled. An officer who has been stationed here for months told me that in the Rhineland area the people never loved Hitler. He made the amazing statement that Hitler never dared to come into the area west of the Rhine in all the time he was in power. I cannot confirm this. This officer told me that the British get full co-operation from civilians here.

I write these notes as I go along and any observations I record are quick and perhaps superficial ones. That's the way a diary should be written. I feel somehow that, after seeing Britain, I should have experienced a healthy feeling of satisfaction when I looked upon the much more effective job done by the RAF and RCAF on Germany. But it is an emotion I have not yet been able to summon up. A beautiful city, once rich in architectural loveliness, but now a bleak and flattened ruin, is a sad and unhappy sight, whether in Britain or in Germany. And starving children are starving children anywhere.

• • •

## Homeless Thousands Live in Raid Shelters

THE RUHR

SUNDAY — Last night, before leaving Krefeld, I decided to see how the 100,000 people still left here live when they have almost no homes to live in. A waiter at the officers' club had a friend who acts as relief and housing administrator for one area of the city. We sent for him and, with a kitchen servant who knew a little English, we went on a tour. Most of the people live in cellars, entering their homes through pathways cleared in the rubble. We went to a bunga, a huge concrete air-raid shelter, four stories high plus two stories underground, built during the war. Its walls are several feet thick.

It is one of nine, each built to crowd in 5,000 people. In small rooms, inside the shelter, live a group of families. In one room, 9 ft. by 10 ft., four persons slept, ate and lived. All their worldly goods are here. There is no window. The only air comes through a hole the size of a soil pipe, leading up to the roof. In another room a smaller size in the cellar area, with water on the floor, a family of seven lived. There are common toilets and washbasins; not a bath in the place. There are crude laundry facilities, but no one has soap. The stench of the whole building was almost overpowering. After visiting half-a-dozen families I had to leave; I was about to be sick.

I saw what makes up their 1,050 calories of daily food ration. In a week there is for each person one large loaf of black bread (42 oz.), a pound of vegetables, four pounds of potatoes (none for eight months until last week), four slices of thin bologna (3½ oz. meat), a teaspoonful of butter; no sugar; no tea; a little milk for children up to 10 and none for adults. Each person gets 2 oz. of ersatz coffee a month. For eight months the people in this bunga have had no new clothes. The children have no shoes and dare not venture out of their dark, damp, cold pigsties all winter.

There were few men; only one or two very old men and a couple of younger men who had been released by the Russians as too ill to work. Those who can work cleaning the streets are paid 72 pfennigs (7½d.) an hour. In one case the only money being earned was 50 marks a month ($5); the eldest boy had a job. The fatherless families are on relief; one family gets $6.50 per month for three persons.

• • •

## Pay in Starvation For Hitler's Madness

Truly these people are paying, in misery and squalor and disease and starvation, for the mad ambitions of their Fuehrer. I tried to get them to say who they blamed for their present state. The replies were colorless. I am told that among the poor, less educated groups there is little thinking on the matter. One woman said to me "Hitler ordered and we obeyed; we should always obey the orders from above" There was no sign of bitterness toward the allied airmen who had destroyed their city. They had lost the power to love or to hate; they lived and reacted like animals.

But the relief officer (a schoolmaster) and other educated Germans I talked with did venture a few judgments. They blamed Hitler's mad ambitions for their troubles. They insisted that while the Rhineland obeyed Nazi orders, the people were not Nazis; they could not be, because they are Catholics. What do they want for the future? To be separated from Germany, which had twice involved them in the horror of war. They wanted federation with Wesphalia to form an independent state.

My schoolmaster friend insisted that he and his family had listened to the BBC every night throughout the war, although the penalty was death if caught. He knew of the bombing of British cities; asked me what they looked like. I told him I had been to Coventry and his face fell. I asked, "Do your people realize that the Luftwaffe started this bombing of cities?" He said, "Most of the people do not think about it at all. But I realize it. We are paying a heavy price for the sins of the Nazis." Note, even he blamed it on the Nazis. No German I have met has any sense of personal guilt. They have found a scapegoat in Hitler. A few blame the generals for not stopping Hitler.

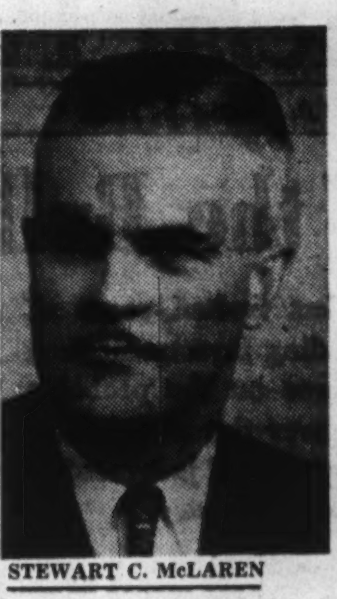
I had one bar of soap with me. I gave it to one mother of four children, one of whom is in hospital. I passed around cigarettes which were clutched at eagerly, impatiently, like dogs snatching at bones. (The ration is 20 a month, but only people with money ever get them). As I left the women followed me, begging for soap.

• • •

## Curfew Hour Strict for Germans

We had to hurry back to the hotel to let my guide get home. The curfew hour is 11.30. If caught on the streets before 12, a German is given a week in jail; after 12 the penalty is 100 to 150 marks fine or a month in jail.

Today we drove about 200 miles through the devastated Ruhr, once the most highly concentrated industrial district in the world; today the most concentrated collection of ruins in the world. Hour after hour we saw what those words meant: "Last night heavy bombers of the RAF carried out saturation raids on targets in the Ruhr."



**STEWART C. McLAREN**

**has been appointed assistant general sales manager in charge of domestic sales for Ford Motor Co. of Canada.**

Dusseldorf, once a city of 400,000, now 40,000. Of the entire built-up area 64% was destroyed in six raids.

Essen, city of 668,000, was the home of the vast Krupp steel industries, which alone covered several square miles. In Essen, 39,907 tons of bombs were dropped in 26 or 28 major raids. We drove around the town and walked through the Krupp plant. It is entirely useless. The twisted steel framework and machinery look like a handful of steel wool, magnified ten thousand times. Yet, curiously, chimneys still stand all over the Ruhr. Seemingly it is difficult to bring down a tall smokestack.

Roaming around the ruins I found a curious reminder of Hitler's "loyalty" to his allies. In a charred corner stood two or three huge cases of nickel slugs. I examined them and found they were Italian coins. The deduction is, I think, obvious. Hitler stole the coins from Italy, defaced them so that his own slave workers could not steal and use them, and sent them to Essen to be melted up for their nickel content. Following Hitler's example, we all took a handful of the slugs as souvenirs.

• • •

## Six Centuries in Building Cologne Cathedral is Ruin

Then on to Cologne, where the walls of the cathedral, which took 638 years to build, still stand after being hit by 14 bombs, "strays" from the major targets alongside, the great railway station and the Hohenzollern Bridge. A small chapel is all that is now usable of the cathedral. The rest is ruin, but repair work is going ahead. That, in itself, was interesting because we saw practically no sign of repair or even cleaning up of the ruins of homes, offices, factories. Bulldozers have pushed rubble off the main streets, but elsewhere it lies as the RAF, RCAF and U. S. air forces left it.

We took to our planes near Cologne and came back to circle the city. Saddening as the sight of so much ruin was from the ground, it was dreadful from the air. We turned towards Berlin and I write these notes as we fly over the magnificent forests and valleys that were the real Germany before Kaisers and Fuehrers came.

We stopped today for lunch in a lovely valley in the Ruhr district, beside a stream and a winding road. An RAF officer who has been in the area since we entered it gave us some facts on how the people live. Here is a Sunday menu for a family in the British zone:

Breakfast: Bread and ersatz (acorn) coffee. Nothing else. No eggs. No sausage. No cereals. No milk.

Lunch: Watery potato soup (when there are potatoes). A stew if the family combined its meat ration for beef or lamb instead of sausage. A sweet cake. Perhaps a vegetable.

Supper: Whatever is left over from lunch.

• • •

## Starvation Diet Is Impairing Health

That is Sunday's menu. On other days there will be no meat, no sweet cake. Usually, nothing but bread and potato soup. Night after night people walk into the country to try to find potatoes or other food. We understand why the children who gathered around were so eager to grasp the sandwiches and cakes we offered them.

They are slowly starving. During the war they fed well because Hitler starved the occupied countries to feed them. It is different now. Most people are thin, particularly the children. One notices the bones of their knees turning knobby. Their bodies are covered with small sores. Their teeth are ill-formed.

I do not know what food conditions are like outside the British zone. In the "occupation," Britain got the major industrial centres Thus, the British zone is not self-sufficient in food. Britain gives up some of her own food to help these people. Curiously, many Germans think that their food is going to feed Britain. But a photo in last night's Krefeld paper may help; it showed U. K. women demonstrating against bread rationing to feed Germany.

What a lovely land one sees below as one flies. But what a land of desolation it is when one comes down to earth.

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# Bid Ottawa, Provinces, Adopt Same Yardstick

By **BRUCE MACKINNON**
Maclean-Hunter Editorial Research

From the old factory building on Ottawa's Green Island, which houses half of the Dominion Bureau of Statistics, there came this week a blue booklet of small size and vast importance.

It's called the "Report on the Third Dominion-Provincial Conference on Provincial Financial Statistics." And although that name alone will probably keep 99% of the taxpayers from reading the 59-page booklet, the taxpayer will be the chief gainer if its recommendations are adopted into the public accounts of our governments.

This booklet tells what happened at the last official get-together of the men who handle and interpret the financial reports of the provincial governments. There were 21 of these expert statisticians and accountants in the conference at the Chateau Laurier, probably the most competent and skilful group that you could assemble from the civil services of this Dominion.

1. Ever since 1933 these specialists have been fighting a respectful but persistent battle to get their governments to talk the same language.

2. They want Federal and provincial governments to use the same accounting year; want them to agree on March 31 as the time to close off the governmental accounts.

3. And they want governments to tell their financial stories so that anyone can tell quickly and easily where the money is coming from and where it is going.

### Not a Spectacular Cause

The sort of battle the statisticians have been fighting is not the type that makes the headlines, even after it has been won. In a way, it's the same sort of struggle that the automobile associations undertook fifty years ago to induce a horse-and-motor car. Today's drivers take the achievements of that long campaign for granted.

That's the way it's likely to be with the campaign the statisticians and accountants are waging today. Few taxpayers know that any such campaign is going on, although the taxpayers will be the ones to benefit in the long run.

The chief initial benefit for the taxpayer will be from the clearer understanding that these reforms will bring. He and his representatives in the legislatures will be able to criticize the accounts intelligently and inteligibly. There will not be long debates caused by misunderstood terminology. There should be more time for attacking the main goal of getting the taxpayer the most for his money. Whether or not the reform of government accounting would reduce taxes is debatable. But it should certainly result in better value for the taxpayer's dollar.

### What Is a Surplus?

An example of the benefits in store is in the old question of surpluses. Nowadays, if a finance minister reports a surplus for his government, the statement is usually challenged, and the ensuing debate often obscures the facts completely. But with the standardized accounting now recommended there would be no room for argument. Surpluses and other debatable terms such as net debt, gross debt, etc. would be clearly defined.

The statisticians' continuing committee is already receiving from each of the provinces regular reports drawn up according to the recommendations of the statisticians. So far, the Dominion Government is not submitting its figures in the approved form, but it is hoped that Ottawa, having supported the reform of provincial figures, will conform.

The fact that streamlined figures for provincial accounts are going to the Dominion Bureau of Statistics does not, of course, mean that provincial finance has been reformed. Each province sends its adjusted figures to Ottawa, but slips back into the old confusion when preparing its public accounts for presentation to the public.

Here is the progress to date on the three main fronts outlined above:

**Standardization of Terms:**—In the matter of agreeing on definitions, the statisticians are well in advance of governments. For the last series of Dominion-Provincial discussions, the premiers were supplied with a small library of facts and figures putting the accounts of the various governments on a common footing. And it was these figures that were the basis for discussion more than the audited public accounts of the individual governments.

There was quite a gap between these standardized statements and the official figures of the individual governments. That meant that each of the adjusted statements had to be accompanied by an explanation reconciling it with the official figures.

As an example, Nova Scotia reported revenues of $17,567,000 for 1943, but the adjusted figure was $16,763,000—a difference of nearly a million dollars. There was a gap of nearly $2 millions between the two statements of Nova Scotia's spending, and a gap of nearly $11 millions in the statements of direct provincial debt.

The case of Nova Scotia is typical, not extreme. But it shows how much work has to be done before the heads of Canada's ten governments can understand each other when the question of finance comes up.

**Uniform Fiscal Year:**—Six out of the ten governments now close off their books at March 31. Manitoba and Saskatchewan have passed legislation to change their years from April 30 to March 31. But Nova Scotia still ends its year on Nov. 30, New Brunswick on Oct. 31.

March 31 is a good time of year for stocktaking. Most of the taxes for the previous calendar year have been received by the end of March, so that intelligent appraisal of revenues is possible. On the expenditure side, the year is not too far advanced for accurate estimates of spending. If you close the books later in the year, the revenues are farther behind you, the spending has been carried a lot farther ahead. That means that your budgets are likely to be badly out of touch with actual conditions.

One very bad feature of the lack of agreement about fiscal years is that it delays the statistical experts in preparing their statements for the government finances of Canada as a whole. When the premiers last met, latest adjusted figures they had were for 1943. Figures for 1944 aren't likely to be available before this fall. That means that Dominion-provincial talks are almost certain to be handicapped by not having current figures to discuss.

**Whence Money Comes, Where it Goes:**—Another job that had to be performed especially for the Dominion-provincial meetings was the preparation of "Source and Application of Funds" statements.

These are simply outlines of the various taxes and borrowings of each government, balanced by the various goods and services provided by each government. In short they show where the money comes from and where it goes.

To the taxpayer, this would seem like the most elementary job of the official accountants, the only possible method of getting a clear idea of where to tax and where to spend. In practice, the accounts are presented by departments, not by services rendered. You will find services to, say, the farmers scattered through three or four departments. And while you can readily find out how much each of these departments is spending in toto, it's a long and difficult task to comb out from each the amounts that go to farmers or labor or any other of the special groups that benefit from the services provided out of the taxpayer's money. Last week, The Financial Post presented a breakdown of federal spending along these lines, based on the estimates for the current year. Similar breakdowns for all the provinces as well as the Dominion had to be prepared for the Dominion-provincial conferences.

Until the statisticians and accountants are able to sell these ideas to their political chiefs, it's pretty clear that our governmental heads will go on living in two financial worlds. In their regular duties they will talk and think in terms of the archaic financial world of their own public accounts, each government following a pattern that has grown up without much thought of what is happening in other governments. Only when they come together in Dominion - provincial conferences will they attempt to shake this private world, think in common terms and talk a common tongue.

It's also clear that until the financial Babel is ended, the ordinary taxpayer will have great difficulty in finding out precisely what is being done with his money.

**M. C. DEANS**

**President of Bankers Bond Corp., has been appointed a director of Fittings Ltd., Oshawa, Ont.**

---

**COLOMAC YELLOWKNIFE MINES** final assay results from tunnel driven through the dyke are reported to show material improvement over values gained from diamond drilling. The 70-ft. wide ore section averages $5.56, taking the mean of bulk sampling and all faces. This compares with $2.43 across 45 ft. in the drill hole. No. 3 crosscut is being advanced across the dyke at a point 150 ft. south of No. 1 crosscut.

---

# YOU ASKED US

**The Financial Post will provide subscribers as quickly as possible the answers to specific questions about business, taxation, investments, wartime regulations and other subjects. The Post cannot undertake to make predictions, will not express opinions on matters involving individual business judgment or on conditions or investments outside Canada. All communications should be addressed to Business Enquiry Editor, The Financial Post, 481 University Ave., Toronto 2. A four-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed.**

## INCOME TAX

### Supports Mother

My wife and I are both working. Heretofore I have been taxed as a married person, my wife being taxed as single. I support my mother and have been allowed dependent's deductions on her account. In 1947, under the new regulations, my wife and I will both be taxed as single persons, as both of us will be making over $750. As my mother lives with us in a self-contained domestic establiishment, would I be allowed married status on her account?

No. You will still only be allowed dependent's allowances on her account, we are informed. It is possible, of course that some greater consideration may be shown in the new regulations for 1947. But unless this is done, you will be taxed as single, we are told.

## INVESTMENTS

### Andian National

Will Andian National Corp. be affected if International Petroleum Co. should not be able to get the De Mares Concession renewed in 1951?

Operations of Andian National Corp. should not be affected if International Petroleum Co. were to lose the De Mares Concession in Colombia in 1951, The Financial Post understands. Andian has the only means of getting the crude oil out of this field to the coast, it is stated.

Andian National operates a pipe line for the transportation of crude oil under specific tariff in Colombia, South America. The company's concession lasts for 50 years from Oct. 1, 1923, with power to extend the time by agreement, and guarantees the company the right to operate under a tariff which ensures an adequate earning power.

Andian National operates as a common carrier and at present carries oil for other companies besides Tropical Oil Co., International Petroleum's Colombian subsidiary, The Post is told. As it is the only means of getting crude oil out to the coast from the territory it serves, its future position is said sound. The Texas Co. has a pipe line which crosses Andian's pipe line but does not run parallel to it and so is not competitive, it is stated.

### Wingait

Can you tell me if work is continuing at Wingait Gold Mines? I hold some shares and would be pleased to learn if there has been any development of a favorable character.

There has been a recent revival of interest in Wingait Gold Mines. This results from completion of a new drill hole returning a value of 0.247 oz. gold across a width of 22.5 feet at a vertical depth of 685 feet. This particular hole was located 100 ft. east of the boundary with Wasa Lake Gold Mines, where drill hole No. 19 gave a value of $11.54 across 15 ft. (at $35 gold).

You may recall that the late J. P. Norrie considered that diamond drilling had indicated two lenses of ore. Now the company appears to have a new situation where something of importance may be developed.

### Ontario Pyrites

As a shareholder of Sudbury Basin Mines, I received a block of shares of Ontario Pyrites Co. Can you tell me if this company holds property and any plans it may have for the future?

Ontario Pyrites Co. holds a total of over 7,000 acres in the Vermilion Lake area, Sudbury district, Ontario, including properties formerly owned by Treadwell Yukon and the former properties of Sudbury Basin Mines. Previous underground work on the Errington mine of Treadwell Yukon and diamond drilling from surface on other ground indicated a considerable quantity of lead-zinc ore but low metal prices and the refractory character of the ore in the Errington mine have prevented active development to this date.

Recently, we understand, some consideration has been given to further work on the properties held by Ontario Pyrites. This may take the form of installation of a small pilot mill to see if the metallurgy of the Errington ore can be worked out and a commercial operation established.

The company has an authorized capital of 5 million shares of which 2,181,645 shares are outstanding. There is no bonded indebtedness of any kind ahead of the shares. Control of the company is held by Ventures Ltd.

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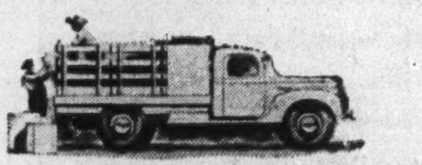

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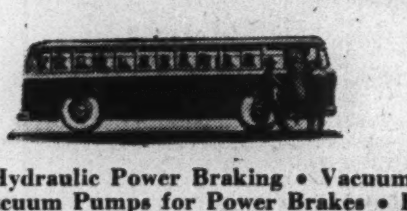

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NOWHERE TODAY are there finer young men and young women available for employment than Canada's veterans. Employers who interview them carefully are finding that in war they learned basic skills with important civilian applications. Many were journeymen when they enlisted and worked at their trade throughout their service. All, whether tradesmen or not, demonstrated qualities of initiative, self reliance, good citizenship and responsibility invaluable in peace-time employment.

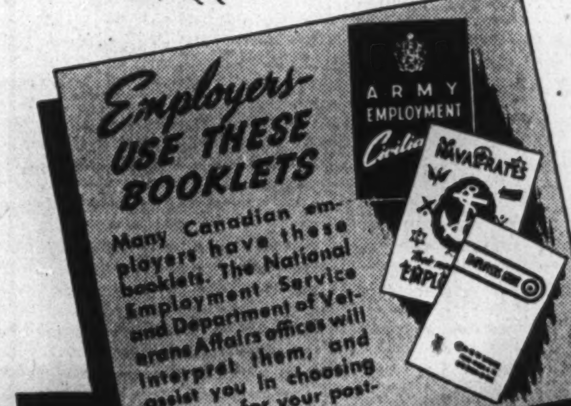
Recently, a Canadian employer wrote a government department as follows:

> **"There is one thing we have always found good practice and that is to give a courteous and sympathetic hearing to any veterans who come to us. We find there are several each day, and that by having someone talk to them who is in a position to valuate the services they have to offer, we end up by adding a good man to our staff even though we originally had no intention of making an addition."**

This is a proper approach to the veteran and one which will pay dividends to industry.

If you have openings or can make openings for veterans, list the jobs with the National Employment Service.

Investigate also the opportunities in Training-on-the-Job—a valuable way to improve your staff. Veterans train in your plant with the government adding to the income they earn as apprentices. You can secure complete details through the nearest office of the Department of Veterans Affairs, the National Employment Service or Canadian Vocational Training.



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Many Canadian employers have these booklets. The National Employment Service and Department of Veterans Affairs offices will interpret them, and assist you in choosing veterans for your post-war jobs.

*Service Skills Make GOOD Civilian Workers!*

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## Winnipeg, Calgary and Vancouver

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WEEK ENDING JULY 26

## Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

July 30, 1946

| % | Due | Bid | Ask |
|---|---|---|---|
| **Victory Loans:** | | | |
| 3 | June 1951 | 105⅝ | 106 |
| 3 | Mar. 1954 | 105⅝ | 106⅛ |
| 3 | Nov. 1956 | 105⅜ | 106⅜ |
| 3 | May 1957 | 104⅞ | 105⅜ |
| 3 | Jan. 1959 | 104½ | 105 |
| 3 | June 1960 | 104½ | 105 |
| 3 | Feb. 1962 | 104½ | 105 |
| 2 | Dec. 1946 | 100¼ | 100⅜ |
| 2¼ | Mar. 1948 | 101¼ | 101⅜ |
| 1½ | Nov. 1946 | 100 | 100¼ |
| 1½ | May 1947 | 100⅛ | 100⅜ |
| 1½ | Mar. 1948 | 100⅝ | 101 |
| 1½ | Nov. 1948 | 100⅝ | 101 |
| 1½ | Nov. 1950 | 100½ | 101 |
| 3 | Oct. 1963 | 104½ | 105 |
| 3 | Sept. 1966 | 104½ | 105 |
| 1½ | Nov. 1949 | 100½ | 101 |
| **Dom. of Canada Bonds** | | | |
| 3½ | Nov. 1951 | 103½ | 104 |
| 4 | Oct. 1952 | 103 | 103⅜ |
| 3¼ | Feb. 1952 | 105 | 105⅜ |
| 3 | Oct. 1952 | 103½ | 104½ |
| 3 | June 1955 | 104 | 104⅜ |
| 4½ | Nov. 1956 | 100⅝ | 101¼ |
| 4½ | Nov. 1957 | 103½ | 104½ |
| 3 | June 1958 | 104½ | 105 |
| 4½ | Nov. 1958 | 105½ | 106¼ |
| 4½ | Nov. 1959 | 108 | 108½ |
| 3¼ | June 1966 | 106 | 106⅜ |
| 3 | Perpetual | 103½ | 104½ |
| **Dom. Guarant'd Bonds** | | | |
| **Can. Nat. Railways:** | | | |
| 3 | Jan. 1959 | 103½ | 104½ |
| 4½ | Sept. 1951 | 112⅜ | 114½ |
| 4½ | Feb. 1956 | 120 | 121¼ |

| % | Due | Bid | Ask |
|---|---|---|---|
| 4½ | July 1957 | 121⅜ | 123½ |
| 3 | Feb. 1953 | 101⅜ | 102⅜ |
| 4½ | June 1955 | 120⅛ | 122½ |
| 3 | Feb. 1954 | 118 | 118⅜ |
| 5 | Feb. 1970 | 115⅜ | 117½ |
| 5 | Oct. 1969 | 115½ | 117 |
| **Can. Natl. W. Ind. S.S.:** | | | |
| 5 | Mar. 1955 | 120½ | 122½ |
| **Grand Trunk Pacific Rly.:** | | | |
| 3 | Jan. 1962 | 108 | 109½ |
| 4 | Jan. 1962 | 119 | 120½ |
| **Provincial Govt. Bonds** | | | |
| **New Brunswick:** | | | |
| 3 | Oct. 1951 | 101½ | ... |
| 3½ | Aug. 1949 | 100⅜ | 102 |
| 3½ | June 1956 | 104½ | 106 |
| 4½ | Apr. 1961 | 119 | 121 |
| 5 | Jan. 1960 | 123 | 125 |
| **Nova Scotia:** | | | |
| 3 | Jan. 1952 | 103⅜ | 105½ |
| 3¼ | June 1956 | 104½ | 106 |
| 3½ | Nov. 1950 | 105½ | 107 |
| 4½ | Sept. 1952 | 102½ | 105 |
| 4½ | Nov. 1960 | 121 | 123 |
| 5 | Mar. 1960 | 125 | 127 |
| **Ontario:** | | | |
| 3 | Nov. 1950 | 101½ | 102½ |
| 3½ | Nov. 1951 | 104 | 105½ |
| 3½ | May 1955 | 105⅜ | 107½ |
| 4 | June 1962 | 118 | 120 |
| 4½ | June 1950 | 108 | 110½ |
| 4½ | Jan. 1962 | 124 | 126 |
| 5 | Oct. 1948 | 103½ | 108 |
| 5 | Dec. 1960 | 129 | 131 |
| **Ont. Hydro Commission:** | | | |
| 3½ | Feb. 1953 | 104½ | 105⅜ |

| % | Due | Bid | Ask |
|---|---|---|---|
| 3½ | Apr. 1947 | 101 | 102½ |
| **Prince Edward Island:** | | | |
| 4 | Mar. 1954 | 103 | 105 |
| **Quebec:** | | | |
| 3 | Nov. 1947 | 101½ | 102⅜ |
| 3½ | Mar. 1948 | 101⅜ | 102½ |
| 3½ | Mar. 1959 | 105½ | 107 |
| 4 | Nov. 1952 | 106⅜ | 108½ |
| 3½ | Feb. 1955 | 106½ | 108½ |
| 4½ | Aug. 1958 | 113 | 115 |
| 4½ | Jan. 1963 | 118 | 120 |
| **Alberta:** | | | |
| 3½ | June 1964 | 101½ | ... |
| 3½ | June 1966 | 101½ | ... |
| 3½ | June 1968 | 102 | ... |
| 3½ | June 1972 | 102 | ... |
| 3½ | June 1978 | 102 | ... |
| **British Columbia:** | | | |
| 4 | Dec. 1957 | 112 | 114½ |
| 4½ | Jan. 1951 | 109½ | 112 |
| 4½ | Oct. 1953 | 113½ | 115½ |
| 5 | Apr. 1954 | 117½ | 119½ |
| 6 | Feb. 1947 | 102 | ... |
| **Manitoba:** | | | |
| 4 | Mar. 1957 | 112 | 114 |
| 4½ | Dec. 1956 | 115½ | 117½ |
| 5 | Dec. 1959 | 124 | 126 |
| 5 | Oct. 1955 | 120 | ... |
| 6 | Apr. 1947 | 102⅜ | ... |
| **Saskatchewan:** | | | |
| 4 | Sept. 1954 | 101⅜ | 103½ |
| 4 | Nov. 1960 | 103½ | 105½ |
| 4½ | Oct. 1951 | 105 | 107 |
| 4½ | Mar. 1960 | 108 | 110 |
| 5 | Aug. 1958 | 112½ | 114⅜ |
| 5½ | Oct. 1952 | 111 | 113 |
| 6 | Mar. 1952 | 112 | 114 |

## Unlisted Stocks

(Compiled from quotations supplied by Kippen & Co. Inc., Plaxton, McDonnell & Co., and Kamm, Garland & Co.)

July 29, 1946

| | Bid | Ask |
|---|---|---|
| Aikenhead Hardware Co. | 75.00 | 80.00 |
| Allens Kingston units | 71.00 | .... |
| Allens London Theatre pf. | 54.00 | .... |
| Allens St. Catherines units | 60.00 | .... |
| Allens Toronto units | 38.00 | .... |
| Anglo Can. Telephone A | 12.00 | 13.00 |
| Beach Foundry pfd. | 80.00 | .... |
| Brinton Peterboro Carpet | 90.00 | .... |
| British American Assur. | 61.00 | .... |
| British Mortgage and Trust | 165.00 | .... |
| B. C. Sugar | 95.00 | 99.00 |
| B. C. Telephone 1st pfd. | 115.00 | .... |
| Brockville Trust $50 par | 54.00 | .... |
| Canada Machinery com. | 17.00 | 19.00 |
| Can. Silk Products A | 31.00 | 33.00 |
| Canada Tea pfd. | 70.00 | .... |
| Canada Paving 1st pfd. | 7.75 | .... |
| Canadian Airways | 3.50 | 4.50 |
| Can. Co-op. Woolgrowers | 8.00 | 10.00 |
| Canadian Fire | 88.00 | .... |
| Canadian Indemnity | 165.00 | .... |
| Can. Ingersoll Rand | 65.00 | 68.00 |
| Can. Investors Corp. | 8.00 | 9.00 |
| Canadian Motor Lamp A | 12.00 | 14.00 |
| Can. West Nat. Gas com. | 38.00 | .... |
| Can. West Nat. Gas pfd. | 106.00 | 108.00 |
| Capital Trust Co. $100 par | 75.00 | 85.00 |
| Capital Wire Cloth com. | 8.00 | .... |
| Capital Wire Cloth pfd. | 23.00 | .... |
| Cawthra Apts. units | 4.00 | .... |
| Chase A. W. units | 33.00 | .... |
| Colonial Realty com. | 4.00 | .... |
| Colonial Steamships com. | 85.00 | 90.00 |
| Commercial Finance com. | 12.00 | 14.00 |
| Commercial Life 10% paid | 7.00 | 9.00 |
| Commonwealth Int. Corp. | 3.84 | 4.22 |
| Confederation Life Assoc. 30% paid | 150.00 | .... |
| Continental Life 20% paid | 38.00 | .... |
| Crown Life Ins. 100% paid | 310.00 | .... |
| Debenture & Securities pf. | 95.00 | .... |
| Detroit Internat. Bridge | 15.00 | 17.00 |
| Dom. of Can. Gen. Ins. | 200.00 | .... |
| Dom. Life Assurance | 200.00 | .... |
| Dover Industries Ltd. | 12.25 | 13.25 |
| Dunlop Tire pfd. | 26.00 | .... |
| Edmonton Stock Yards un. | 68.00 | .... |
| Empire Life Ins. 25% pd. | 15.50 | 18.00 |
| Excelsior Life Ins. 40% pd. | 98.00 | .... |
| Federal Foundries & Steel new com. | 2.50 | 3.00 |
| Foreign Power Sec. pfd. | 12.00 | 15.00 |
| Galt Brass comm. | 28.00 | .... |
| Goderich Elev. & Trans. | 16.50 | 18.00 |
| Great Lakes Power pfd. | 114.00 | 117.00 |
| Great West Life | 410.00 | 440.00 |
| Guardian Realty pfd. | 34.00 | .... |
| Guaranty Co. of N. Amer. | 350.00 | .... |
| Guelph and Ont. Svgs. $50 | 56.00 | .... |
| Gurney Foundry pfd. | 3.25 | 4.00 |
| Hart Battery com. | 9.00 | 9.75 |

| | Bid | Ask |
|---|---|---|
| Highland Dairy, pfd. | 58.00 | .... |
| Homewood Sanitarium | 115.00 | .... |
| Hudson's Bay ord. | 13.00 | .... |
| Imperial Life | 325.00 | .... |
| Industrial Mtge. Trust $50 | 52.00 | .... |
| Ingram & Bell pfd. | 99.00 | .... |
| Lambton Loan & Inv. $50. | 56.00 | .... |
| Loblaw Groc. Inc. | 23.00 | 24.00 |
| London & West. Tr. $100 | 96.00 | .... |
| Manufacturers Life Ins. | 290.00 | 320.00 |
| Mica Co. of Canada | 2.50 | 3.00 |
| Midland Loan & Svgs. $10 | 19.00 | .... |
| Moirs Limited pref. | 125.00 | .... |
| Monarch Life Assoc. 20% paid | 88.00 | .... |
| Monarch Mtge. units | 2.50 | 3.00 |
| Montreal Island Pwr. pfd. | .... | 40.00 |
| Montreal Trust Co. | 93.00 | .... |
| Morrow Screw com. | 16.00 | .... |
| Morrow Screw pfd. | 101.50 | .... |
| Nat'l. Drug & Chem. com. | 9.25 | 10.00 |
| Nat'l Life Assce. 25% | 75.00 | 80.00 |
| Neilson, Wm, com. | 13.00 | .... |
| Neilson, Wm., pfd. | 103.00 | .... |
| New Brunswick Telephone | 13.50 | .... |
| New Method Laundry un. | 98.00 | .... |
| North Amer. Elev. 1st pf. | 85.00 | .... |
| Ont. Tobacco plant units | 37.00 | .... |
| Paramount Kitchener units | 53.00 | .... |
| Paramount Oshawa pfd. | 87.00 | .... |
| Provincial Bank of Can. | 13.50 | 14.50 |
| Provincial Paper pfd. | 107.50 | 108.25 |
| Prudential Trust | 8.00 | .... |
| Ritchie Cut Stone pfd. | 3.00 | .... |
| Ruddy E. L. pfd. | 145.00 | .... |
| St. John Drydock pfd. | 103.00 | .... |
| Sawyer Massey com. | 2.00 | .... |
| Seiberling Rubber com. | 11.00 | .... |
| Sincennes McNaughton Tugs | 2.00 | 3.00 |
| Sherbrooke Trust | 133.00 | .... |
| Sovereign Life Assce. 25% | 34.00 | .... |
| Standard Fuel pfd. | 50.00 | 51.00 |
| Standard Fuel com. | 5.00 | 7.00 |
| Sun Life Assce. | 540.00 | 570.00 |
| Third Can. Gen. Inv. | 3.75 | 4.25 |
| Toronto Carpet pfd. | 98.00 | .... |
| Toronto General Ins. | 5.50 | 7.00 |
| Trusts & Guarantee $100 | 100.00 | 104.00 |
| United Farmers Co-op. | 3.00 | 4.00 |
| United Steel A pfd. | 25.50 | 27.00 |
| Viceroy Mfg. pfd. | 28.00 | .... |
| Victoria Trusts & Svgs. | 119.00 | .... |
| Waterloo Mfg. com. | 9.50 | 10.50 |
| Waterloo Trust & Svgs. | 115.00 | .... |
| Western Assurance com. | 63.00 | 66.00 |
| Western Assur. pfd. | 41.00 | .... |
| Western Grain com. | 1.50 | 2.50 |
| Western Grain pfd. | 41.00 | 44.00 |
| York Trading com. | 6.50 | .... |

## Unlisted Mines

Approximate quotations, 3 p.m., July 29, subject to confirmation:

| | | |
|---|---|---|
| Abenakis | .06 | .09 |
| Advance | .10 | .13 |
| Alb Riv n | .28 | .. |
| Alcan | .06½ | .08 |
| Alexander | .17 | .20 |
| Aljo | .03½ | .04½ |
| Ama Kir | .09 | .11 |
| Anna'que | .06 | .08 |
| Anoki | .05 | .07 |
| Apex Oil | .03 | .04 |
| Argonaut | .08 | .10 |
| Arntfield | .03 | .04 |
| Audley | .02 | .04 |
| Aurlando | .06 | .08 |
| Aurora Y | .. | .45 |
| Auterra | .03 | .05 |
| Barb L n | .03 | .05 |
| Blondor | .08 | .10 |
| Bl Grass | .04 | .06 |
| Bouzan | .06 | .09 |
| Bour Cen | .09½ | .11 |
| Brae Br | .03 | .05 |
| Bravo | .04 | .06 |
| Brewis | .19 | .24 |
| Brig RL | .09 | .11 |
| Brock | .14 | .17 |
| Burley P | .02 | .04 |
| Camlaren | .09 | .11 |
| Carimac | .30 | .33 |
| Carricona | .05½ | .07 |
| Cassidy | .21 | .24 |
| Cen Mani | .06 | .07½ |
| Cheskirk | .11 | .14 |
| Chimo | .. | .45 |
| Cock RL | .06½ | .07½ |
| Columbier | .17 | .19 |
| Con Chib | .22 | .24 |
| Con Cop | .23 | .25 |
| Courageo | .12 | .16 |
| Craibbe | .23 | .27 |
| Croydon | .09 | .11 |
| Cuyuni | 1.05 | 1.15 |
| Derlak | .05 | .07 |
| Detta | .24 | .27 |
| Despina | .21 | .24 |
| De Sant n | .06½ | .08 |
| Dexter | .50 | .60 |
| Dom Mal | .03½ | .04½ |
| Dona Pat | .02 | .04 |
| Doris | .29 | .32 |
| Dunford | .06 | .09 |
| Eastward | .26 | .30 |
| Echo Ind | .16 | .18 |
| Electra | .10 | .13 |
| Elmac | .35 | .39 |
| Erin Kirk | .04 | .06 |
| Eurek Co | 2.95 | 3.05 |
| Flicka | .16 | .20 |
| Gilbec | .01½ | .02½ |
| Goodrock | .03 | .04 |
| Gord Leb | .07 | .09 |
| Gov Gold | .09 | .11 |
| Greenlee | .24 | .28 |
| Gwillam | .12 | .14 |
| Habitant | .13 | .15 |
| Harp Mal | .04 | .06 |
| Hayes CD | .03½ | .05 |
| Highridge | .09 | .11 |
| Hornifault | .18 | .20 |
| Hoyle | .17 | .20 |
| Hugh P | .09 | .11 |
| Independ't | .12 | .14 |
| Indyke | .10 | .15 |
| Joannes D | .05 | .07 |
| Kamlac | .35 | .38 |
| Ken-Bay | .12 | .15 |
| Kencour | .05 | .08 |
| Kenda Pe | .22 | .25 |
| Kenroy | .05 | .07 |
| Lk Rowan 1945 | .23 | .27 |
| Lk Expa | .08 | .10 |
| Lar-Add | .04 | .06 |
| Lard U | .06½ | .08 |
| La Salle | .16 | .18 |
| Lavalie | .07 | .09 |
| Legardo | .03 | .05 |
| Lignora | .11 | .13 |
| Louvore | .03½ | .04½ |
| Major Oil | .06 | .08 |
| Mallen R | .18 | .20 |
| Manterre | .05½ | .07 |
| Marbenor | .27 | .29 |
| Marquette | .03 | .05 |
| Mar Bird | .12 | .14 |
| Mary Ann | .11 | .13 |
| Mat Con | .08 | .10 |
| Male Yel | .06 | .09 |
| Metalore | .04 | .05 |
| Mic of C | 2.50 | 3.00 |
| Miles RL | .20 | .24 |
| Moffat H n | .02 | .03 |
| Moh'k P | .03½ | .04½ |
| Murbell | .03½ | .04½ |
| Murmac | .16 | .19 |
| McCuaig | .10 | .12 |
| McManus | .13 | .14 |
| Nat Mal | .21 | .24 |
| Nayb '45 | .43 | .46 |
| Nereco | .21 | .25 |
| New Aug | .09½ | .11 |
| New Mal | .05 | .06 |
| Nic Off | 3.00 | .. |
| Norbeau | .65 | .70 |
| Norcourt | .13 | .15 |
| Norford | .06 | .09 |
| Normar | .10 | .12 |
| Nortyne | .. | .06 |
| Novele P | .07 | .09 |
| Obalski | .16 | .18 |
| Do. '45 | .40 | .45 |
| Oklend | .07 | .09 |
| Olivet | .02 | .04 |
| Opemiska | .17 | .20 |
| Orpit | .07 | .09 |
| Ortona | .05 | .07 |
| Pascalis | .23 | .26 |
| Peg Tan | 2.50 | 2.70 |
| Pelangio | .07 | .09 |
| Phelps | .03 | .05 |
| Pinnacle | .11 | .13 |
| Poona Go | .02½ | .03½ |
| Presdor | .04 | .05 |
| Privateer | .53 | .58 |
| Quest | .25 | .28 |
| Rajah RL | .07 | .09 |
| Rambull | .03 | .05 |
| Rand Mal | .10 | .12 |
| Raym Tib | .07 | .08 |
| Rebair | .33 | .35 |
| Redruth | .05 | .07 |
| Redwood | .07 | .09 |
| Richg'p | .12 | .14 |
| Ritoria | .05 | .07 |
| Rhyolite | .04 | .05 |
| Rupununi | .35 | .39 |
| Salmita | .41 | .44 |
| Sepha | .08 | .10 |
| Sheldon | .42 | .45 |
| Skyn Lk | .02½ | .04 |
| Sovereign | .14 | .17 |
| Steeber | .02 | .04 |
| Sun Bear | .07 | .08 |
| Thornhill | .06 | .08 |
| Tiffany | .05 | .07 |
| Tobico | .03 | .05 |
| Tovarich | .02½ | .03½ |
| Typhoon | .. | .25 |
| Val d'Bel | .04 | .06 |
| Vin Min | .50 | .70 |
| Vinray | .17 | .29 |
| Virginia | .. | .23 |
| Wesley | .02 | .03 |
| West RL | .09 | .11 |
| W Shore | .03 | .05 |
| Wilwood | .04 | .06 |
| Winchest | .15 | .18 |
| Wingait | .15 | .17 |
| Yel'knife | 2.73 | 3.25 |
| Y Davids | .20 | .22 |

## Significant Investors' Index Numbers

| No. of Securities | Mach. and equip. 10 | Pulp and paper 8 | Milling 4 | Oils 4 | Textiles and clothing 9 | Food and allied prod. 13 | Beverages 8 | Bldg. mater. 16 | Power and traction 14 | Banks 8 | Total utilities 18 | Total co's. 100 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Base 1935-39=100) | | | | | | | | | | | | |
| *1935 to date: | | | | | | | | | | | | |
| High | 216.2 | 287.9 | 149.7 | 123.7 | 214.4 | 138.3 | 441.7 | 168.5 | 146.2 | 136.3 | 149.0 | 126.1 |
| Low | 69.7 | 51.6 | 61.2 | 41.2 | 78.4 | 73.5 | 79.3 | 66.7 | 60.3 | 60.0 | 65.2 | 61.1 |
| 1946: Monthly Figures: | | | | | | | | | | | | |
| Jan. | 168.2 | 252.6 | 130.6 | 90.0 | 183.7 | 127.8 | 357.6 | 149.0 | 125.7 | 121.6 | 148.6 | 123.5 |
| Feb. | 172.9 | 248.5 | 132.1 | 84.8 | 187.8 | 130.3 | 334.0 | 150.5 | 122.7 | 126.8 | 146.0 | 121.8 |
| Mar. | 189.2 | 244.4 | 130.6 | 81.6 | 186.8 | 129.0 | 327.8 | 148.6 | 121.7 | 129.2 | 142.4 | 119.2 |
| Apr. | 207.0 | 277.3 | 141.4 | 84.6 | 200.2 | 134.6 | 353.8 | 160.6 | 124.8 | 133.6 | 145.4 | 125.1 |
| May | 205.7 | 278.3 | 140.8 | 74.7 | 208.3 | 136.6 | 410.6 | 164.0 | 117.8 | 134.2 | 140.7 | 124.4 |
| 1946: Weekly Figures: | | | | | | | | | | | | |
| June 6 | 207.1 | 284.7 | 137.4 | 74.3 | 214.4 | 137.3 | 412.3 | 167.6 | 108.8 | 133.9 | 136.6 | 123.8 |
| June 13 | 204.2 | 286.1 | 141.2 | 73.1 | 210.9 | 138.5 | 409.4 | 167.6 | 110.0 | 135.5 | 141.4 | 124.5 |
| June 20 | 199.7 | 277.3 | 143.7 | 71.9 | 206.8 | 134.6 | 402.0 | 166.7 | 109.7 | 135.2 | 136.4 | 121.7 |
| June 27 | 197.2 | 282.0 | 144.3 | 73.1 | 209.2 | 135.2 | 417.3 | 166.0 | 111.6 | 135.7 | 139.2 | 123.3 |
| July 4 | 197.9 | 275.2 | 142.9 | 72.3 | 209.6 | 135.6 | 425.0 | 162.9 | 113.5 | 136.3 | 138.6 | 123.3 |
| July 11 | 192.5 | 272.1 | 142.0 | 72.4 | 208.4 | 134.9 | 441.7 | 159.9 | 112.3 | 136.3 | 134.1 | 120.7 |
| July 18 | 191.3 | 262.6 | 142.3 | 72.1 | 205.6 | 134.0 | 431.4 | 157.0 | 108.1 | 135.9 | 131.3 | 118.6 |
| July 25 | 183.6 | 255.4 | 138.7 | 70.0 | 202.5 | 132.4 | 418.0 | 151.2 | 106.2 | 134.8 | 127.6 | 115.3 |

*High and low for years from 1935 to date inclusive are based on weekly figures issued by Dominion Bureau of Statistics.

### Toronto Stock Exchange Index

| | 20 Indust. | 20 Golds | 10 B.M. | 13 W.O. |
|---|---|---|---|---|
| July 29 | 196.73 | 106.58 | 89.16 | 23.79 |
| July 27 | ...... | ...... | ...... | ...... |
| July 26 | 195.40 | 104.12 | 89.01 | 23.91 |
| July 25 | 193.18 | 102.78 | 87.77 | 23.48 |
| July 24 | 191.61 | 99.96 | 85.86 | 23.38 |
| July 23 | 191.43 | 96.56 | 84.98 | 22.72 |
| Month ago | 205.85 | 121.37 | 99.85 | 26.02 |
| Year ago | 148.17 | 132.28 | 82.76 | 28.62 |
| 1946 High | 207.83 | 147.31 | 108.20 | 33.69 |
| 1946 Low | 178.73 | 96.56 | 84.88 | 22.72 |

### Montreal Stock Exchange Averages

| | 10 Util. | 20 Ind. | 20 Comb. | 10 Pprs. | 15 Golds |
|---|---|---|---|---|---|
| July 29 | 77.1 | 136.8 | 116.9 | 351.85 | 80.04 |
| July 27 | .... | .... | .... | ...... | ...... |
| July 26 | 78.2 | 136.6 | 117.1 | 351.11 | 77.60 |
| July 25 | 76.5 | 135.3 | 115.7 | 341.28 | 77.63 |
| July 24 | 76.0 | 134.0 | 114.7 | 326.83 | 77.16 |
| July 23 | 76.0 | 135.3 | 115.5 | 323.16 | 77.27 |
| Month ago | 78.8 | 145.6 | 123.3 | 373.80 | 87.42 |
| Year ago | 65.8 | 101.3 | 89.5 | 188.10 | 90.83 |
| 1946 High | 83.9 | 149.4 | 126.7 | 410.80 | 118.56 |
| 1946 Low | 73.5 | 126.3 | 109.4 | 304.39 | 77.16 |

### Dow-Jones Closing Stock Averages

| | 30 Indust. | 20 Rails | 15 Util. | 65 Stocks |
|---|---|---|---|---|
| July 29 | 198.23 | 61.40 | 40.53 | 73.44 |
| July 27 | ...... | ...... | ...... | ...... |
| July 26 | 197.63 | 61.17 | 40.24 | 73.16 |
| July 25 | 196.25 | 60.95 | 39.86 | 72.69 |
| July 24 | 195.37 | 60.65 | 38.67 | 72.35 |

| | 30 Indust. | 20 Rails | 15 Util. | 65 Stocks |
|---|---|---|---|---|
| July 23 | 195.22 | 60.41 | 39.63 | 72.23 |
| Month ago | 206.47 | 65.78 | 42.06 | 77.63 |
| Year ago | 162.09 | 57.12 | 32.40 | 62.01 |
| 1946 High | 212.50 | 68.23 | 43.74 | 79.44 |
| 1946 Low | 186.02 | 60.41 | 37.97 | 69.81 |

*Paid in 1944. *N. Y. Funds. †Paid in 1945. zExtra. *Sub. app. F.E.C.B. ‡Paid or payable in 1946. ‡Capital Repayment.

## Volume of Stock Sales

| | Montreal | Toronto | Vancouver | New York |
|---|---|---|---|---|
| July 29 | 273,300 | 2,004,000 | 68,850 | 940,000 |
| July 27 | ...... | ........ | ....... | ......... |
| July 26 | 129,200 | 1,100,000 | 76,110 | 1,320,000 |
| July 25 | 135,600 | 1,197,000 | 81,239 | 1,210,000 |
| July 24 | 143,900 | 1,298,000 | 54,717 | 1,570,000 |
| July 23 | 189,200 | 1,328,000 | 79,520 | 2,250,000 |

## STOCKS NOT TRADED THIS WEEK

| | Div. rate $ | Last sale | July 26 Bid | July 26 Ask |
|---|---|---|---|---|
| Tuckett Tob. p. | 7.00 | 180 | 173 | 200 |
| Twin City | ... | 18½ | 17½ | 18 |
| Un. Amuse. (A) | ■.50 | 31 | 30 | .. |
| Do. (B) | ■.50 | 28 | 29 | .. |
| Viau Bisc. | ... | 22 | 18 | 22 |
| Do., pref. | 5.00 | 106 | 102 | 105 |
| Viceroy | ■.21 | 8 | 8 | 10 |
| West Brew. | ■.25 | 13 | 12½ | 13 |
| West Grain pf. | 1.51 | 47 | 47 | 49 |
| West Grocers | 3.00 | 210 | 225 | 235 |
| W'minster Pap. | *1.00 | 20 | .. | 19½ |
| Weston, Geo., p. | 4.50 | 105 | 105 | 105½ |
| Willson Stat. pf. | 5.00 | 102 | .. | 103 |
| Wood, A&J p. | 7.00 | 125 | 128 | .. |
| Wool Combing | 1+.50‡ | 26½ | 26 | 27 |
| York Knit. 1st pf. | 7.00 | 175 | 150 | .. |
| Zellers 5% pf. | 1.25 | 28½ | 27¾ | 28 |
| Do., 6% pref. | 1.50 | 28 | 27½ | 28 |

*Paid in 1945. ■Paid or payable in 1946. ‡Extra. xOn arrears. †Paid in 1944. ▲N. Y. funds.

### Mining Stocks

| | | | | |
|---|---|---|---|---|
| Ashbourne | ... | .13½ | .. | .. |
| Bear Lake | ... | .01 | .. | .. |
| Beaucourt | ... | .39 | .. | .48 |
| Bouzan | ... | .10 | .06 | .09 |
| Brazil Gold | ... | .05 | .06 | .09 |
| Bruce Cons. | ... | .04 | .01 | .04 |
| Celta Dev. | ... | .30 | .. | .30 |
| Douglas Lake | ... | .10 | .. | .. |
| Flin Flon | ... | .04 | .03 | .04 |
| George Copper | ... | .15 | .11 | .13 |
| Gt. Y'fe (D) Warr. | ... | 2.50 | .75 | .. |
| Golconda | ... | .22 | .20 | .. |
| Gold Lake | ... | .02 | .01 | .02 |
| Goodfish | ... | .06 | .05 | .07 |
| Int. Mining | ... | 10.00 | .. | .. |

## STOCKS NOT TRADED THIS WEEK (Cont'd)

| | | | | |
|---|---|---|---|---|
| Island Lake | ... | .03½ | .02½ | .04 |
| Kerr Lake | †*.05 | .32 | .55 | .75 |
| Knee Lake | ... | .02½ | .. | .05 |
| Kootenay Belle | ... | .09 | .. | .09 |
| McLellan Gold | ... | .04½ | .. | .04½ |
| Mentor Explor. | ... | 2.50 | .. | 5.00 |
| New Louvre | ... | .22 | .10 | .. |
| Norgold | ... | .08 | .05½ | .08 |
| Normandy | ... | .05 | .. | .05 |
| North. Empire | †.10 | 2.30 | .. | .. |
| Pacific East | ... | .80 | .. | 1.00 |
| Pacific Nickel | ... | .15 | .15 | .16 |
| Packsack | ... | .02 | .02½ | .02½ |
| Placer Devel. | †.50 | 19.00 | .. | 18.00 |
| Purdy Mica | †.03 | .09½ | .09½ | .12 |
| Quatsino | ... | .19 | .16 | .20 |
| Red Cloud | ... | .02 | .. | .. |
| Red Hawk | ... | .07½ | .. | .09 |
| Ryanor | ... | .15 | .. | .18½ |
| Silbak Prem. | ... | 1.10 | .. | 1.25 |
| Silver R. | ... | .30 | .. | .40 |
| Soma-Duv. | ... | .20 | .18 | .20 |
| S. American G | †*.20 | 1.10 | .. | .. |
| Squaw Lake | ... | .34 | .. | .. |
| Star Lake | ... | .02 | .. | .02 |
| Sunloch | ... | .02 | .. | .. |
| Tiblemont | ... | .25 | .. | .23 |
| Westville | ... | .23 | .03 | .15 |
| Winnipeg R. Tin | ... | .02 | .. | .01½ |
| **Oil Stocks:** | | | | |
| Advance | ... | .01 | .. | .. |
| Anaconda | ... | .04½ | .04½ | .. |

| | | | | |
|---|---|---|---|---|
| Arrow | ... | .05 | .. | .. |
| Command | †.01½ | .14 | .14 | .. |
| Commoil | ‡.00½ | .32 | .30 | .. |
| Federated P. | ... | .38 | .36 | .. |
| Freehold | ... | .01 | .01 | .01½ |
| Grease Creek | ... | .03½ | .03½ | .04 |
| Hargal | ... | .02 | .03 | .05 |
| High Sarcee | ... | .06½ | .06 | .07 |
| Jump. Pound | ... | .18 | .. | .15 |
| Kitalto | ... | .13 | .. | .. |
| Lowery | ... | .01 | .35 | .. |
| Madison | ... | .01½ | .01 | .02 |
| Mar Jon | ... | .00½ | .. | .. |
| McLeod | ... | .05 | .. | .05 |
| Merland | ... | .02 | .. | .. |
| Mill City | ... | .06 | .06 | .. |
| National Petrol. | ‡.01 | .15 | .14 | .17½ |
| New Ranch | ... | .01½ | .. | .. |
| Oil Selections | ... | .04½ | .04½ | .04½ |
| Richland | ... | .04½ | .. | .. |
| Richfield | ... | .01 | .01½ | .02 |
| Royal Canadian | ... | .03 | .03 | .03½ |
| So. Brazeau | ... | .04 | .. | .. |
| South End | ... | .10 | .. | .. |
| South West Pete. | ... | .20 | .16 | .. |
| Spooner | ... | .07½ | .07½ | .10 |
| Superior | ... | .20 | .22 | .25 |
| Texas Can. | ... | 1.25 | 1.25 | 1.40 |
| Warner | ... | .00½ | .. | .05 |
| Wellington | ... | .03½ | .03 | .05 |

†Paid in 1945.
‡Paid or payable in 1946.
*N.Y. funds.

## Dividends Declared

| | This payment $ | Date payable | Date of record |
|---|---|---|---|
| Acadia-Atla., A | .25 | Oct. 1 | Sept. 10 |
| Do., 5% pfd. | 1.25 | Sept. 16 | Aug. 20 |
| Agnew Surpass | .45 | Sept. 2 | July 31 |
| Aluminium Co. of Can. | .25 | Sept. 1 | July 31 |
| Aluminium | 2.00 | Sept. 5 | Aug. 9 |
| Do. 6% pfd. | †1.50 | Sept. 1 | Aug. 2 |
| Argus, 4½% pfd. | 1.12½ | Sept. 3 | July 31 |
| Aunor Gold | .05 | Aug. 31 | Aug. 9 |
| Bath. Pr. | .25 | Sept. 2 | Aug. 2 |
| Bk. of Montreal | .20 | Sept. 3 | July 31 |
| Bk. of Toronto | .25 | Sept. 3 | Aug. 15 |
| Belding Cort. | 1.50 | Oct. 1 | Aug. 31 |
| Do., 7% pf. | 1.75 | Oct. 1 | Aug. 31 |
| Bertram & Sons, A | *.25 | Aug. 15 | July 31 |
| B. A. Oil | .25 | Oct. 1 | Sept. 5 |
| Can. N. Pwr. | .15 | Oct. 25 | Sept. 20 |
| Do., 7% pfd. | 1.75 | Oct. 15 | Sept. 20 |
| Can. So. Rly. | †1.50 | Aug. 1 | June 24 |
| Can. Wire, A | 1.00 | Sept. 15 | Aug. 31 |
| Do., B | .25 | Sept. 15 | Aug. 31 |
| Can. Breweries | .37½ | Oct. 1 | Aug. 31 |
| A. W. Chase, pfd. | .50 | Aug. 10 | July 31 |
| Cockshutt Plow | .25 | Dec. 2 | Nov. 2 |
| Confed. Life | 1.50 | Sept. 15 | Sept. 10 |
| Do | 1.50 | Dec. 15 | Dec. 10 |
| Crown Cork | .50 | Aug. 15 | July 15 |
| Can. Food Prod. | .12½ | Oct. 1 | Aug. 31 |
| Do., pf. | .25 | Oct. 1 | Aug. 31 |
| Can. Oil | .15 | Aug. 15 | Aug. 1 |
| Do., 8% pf. | 2.00 | Oct. 1 | Sept. 20 |
| Do., 5% pf. | 1.25 | Oct. 1 | Sept. 20 |
| Can. Utilities | ‡1.25 | Aug. 15 | July 26 |
| Conduits Nat. | .15 | Aug. 8 | July 25 |
| Commonwealth | .04 | Aug. 15 | July 15 |
| Con. Press | .25+.05 | Oct. 1 | Sept. 31 |
| Candn. Car | .20 | Aug. 22 | July 29 |
| Do., pf. | .25 | Aug. 22 | July 29 |
| Comb. Enter., pfd. | 1.25 | July 15 | June 29 |
| Commoil | .00½ | Aug. 26 | Aug. 10 |
| Cons. Glass | .50 | Aug. 31 | July 30 |
| Cosmos Imp. M. | .30 | Aug. 15 | July 31 |
| Dom. Anglo Invest. 5% pf. | 1.25 | Sept. 2 | Aug. 15 |
| Dom. Bridge | .30 | Aug. 24 | July 31 |
| Dom. Envel., pfd. | .87½ | Sept. 1 | Aug. 15 |
| Dom. Stores | .25 | Sept. 14 | Aug. 17 |
| Donahue Bros. | *.25 | Sept. 1 | Aug. 15 |
| Donnacona P. | 1.12½ | Aug. 15 | July 15 |
| Gen. Steel Wares | .20 | Aug. 15 | July 17 |
| Hallnor Mines | .07 | Aug. 31 | Aug. 9 |
| Hamilton Cotton | .22½ | Sept. 3 | Aug. 9 |
| Hud. Bay | .50 | Sept. 9 | Aug. 9 |
| Inter. Holdings | .50 | Aug. 15 | July 15 |
| Intnl. Utilities | .22½ | Sept. 3 | Aug. 14 |
| Inv. Foundation, pf. | .75 | Oct. 15 | Sept. 16 |
| Kerr-Addison | .05 | Aug. 28 | July 31 |
| Lake of Woods. | .30 | Sept. 3 | Aug. 3 |
| Do., 7% pf. | 1.75 | Sept. 3 | Aug. 3 |
| Lamaque G. Mines | .08 | Oct. 1 | Aug. 26 |
| Langley's 7% pfd. | .50 | Sept. 11 | Sept. 4 |
| Do. | .50 | Dec. 11 | Dec. 4 |
| Laura Secord | .20 | Sept. 2 | Aug. 1 |
| Leitch Gold | .02 | Aug. 15 | July 31 |
| Loblaw Gr., A & B | .25 | Sept. 2 | Aug. 7 |
| Louisiana Land | †.15 | Sept. 13 | Aug. 30 |
| Maple Leaf Gard. | .70 | Aug. 15 | Aug. 1 |
| Monarch Knit | ▪.20 | Oct. 1 | Aug. 31 |
| Do., 5% pf. | 1.25 | Oct. 1 | Aug. 31 |
| McIntyre Porc. | .55½ | Sept. 3 | Aug. 1 |
| Mtl. Cottons | .13 | Sept. 14 | Aug. 15 |
| Do., pfd. | .44 | Sept. 14 | Aug. 15 |
| Nat. Biscuit | .30 | Oct. 15 | Sept. 10 |
| Do. 7% | 1.75 | Aug. 31 | Aug. 13 |
| Noranda | 1.00 | Sept. 14 | Aug. 15 |
| Ogilvie Flour | .25 | Oct. 1 | Aug. 28 |
| Do., 7% pf. | 1.75 | Sept. 3 | July 26 |
| Ont. Steel | .25 | Aug. 15 | July 15 |
| Do., 7% pf. | 1.75 | Aug. 15 | July 15 |
| Wm. Patterson, pf. | 1.75 | Aug. 1 | July 19 |
| Photo Eng. | 1.00 | Sept. 14 | Aug. 15 |
| Penmans | .75 | Aug. 15 | July 15 |
| Proprietary M. | .05 | Sept. 5 | Aug. 5 |
| Quebec Pwr. | .25 | Aug. 26 | July 18 |
| Reg't Knit $1 60 p. | .40 | Sept. 1 | Aug. 1 |
| Do. | .40 | Dec. 2 | Nov. 2 |
| Rolland Paper | .15 | Aug. 15 | Aug. 1 |
| Do., 4¼% pfd. | 1.06¼ | Sept. 16 | Sept. 2 |
| Royal Bank | .20 | Sept. 3 | July 31 |
| Shawinigan Wtr. | .23 | Aug. 26 | July 18 |
| H. Simon & Sons. | .30 | Sept. 3 | Aug. 5 |
| Do., 5% pf. | 1.25 | Sept. 3 | Aug. 5 |
| Simpsons, A | .50 | Aug. 26 | Aug. 1 |
| Do., B | .50 | Aug. 26 | Aug. 1 |
| Do., 4½% pfd. | 1.12½ | Sept. 16 | Aug. 15 |
| Southern Can. Pr. | .20 | Aug. 15 | July 19 |
| Stanley Brock, A | .15 | Nov. 1 | Oct. 15 |
| Do., B | .10 | Nov. 1 | Oct. 15 |
| Stan. Chem. 5% p. | 1.25 | Sept. 3 | July 31 |
| Stuart Oil | .20+.25 | Sept. 1 | Aug. 15 |
| Southam Co. | .19 | Aug. 15 | Aug. 15 |
| Teck-Hughes | .05 | Oct. 1 | Aug. 26 |
| United Corp. | .38 | Aug. 15 | July 15 |
| Do. (B) | .25 | Aug. 30 | July 31 |
| Unit. Fuel 6% A p. | .75 | Oct. 1 | Sept. 10 |
| Unit. Grain Grow. | 1.00 | Sept. 1 | July 17 |
| Viceroy | .07 | Sept. 16 | Sept. 9 |
| Waite Amulet | .15 | Sept. 10 | Aug. 9 |
| Wellington Fire | 1.75 | Aug. 15 | Aug. 12 |
| York Knit. M. | .20 | Aug. 15 | Aug. 2 |
| Do., 1st pfd. | 3.50 | Aug. 15 | Aug. 2 |
| Do., 2nd pfd. | 3.50 | Aug. 15 | Aug. 2 |

†N. Y. funds.
*Initial.
▪For period June 1-Sept. 30.
‡Sub. appr. F.E.C.B.

## Corporation Bonds

(Supplied by Investment Dealers 'Association of Canada)

July 30, 1946

| Public Utility Issues: | Int. Rate % | Due | Bid | Ask. | Prev. Week Bid |
|---|---|---|---|---|---|
| ▴Alg Cen. H.B.R. | 5 | '59 | 57 | 60 | 57 |
| †Assoc. Tel. & T. | 5½ | '55 | 105 | 107½ | 105 |
| B. C. Pwr. | 4½ | '60 | 102 | 104 | 102 |
| Do. | 4 | '65 | 102 | 104 | 102 |
| †Calgary Pwr. | 5 | '60 | 104½ | 107 | 104 |
| Do. | 5 | '64 | 103½ | 106 | 103 |
| Gatineau Pr. A | 3½ | '69 | 104 | ... | 104 |
| ▴Do., B | 3½ | '69 | 104 | ... | 104 |
| Gt. Lakes Pwr. | 4½ | '56 | 102 | 104½ | 102 |
| Do. | 5 | '57 | 102 | 104½ | 102 |
| *Int. Hydro-El. | 6 | '44 | 99 | 102 | 99½ |
| L. St. Law. Pr. | 3½ | '65 | 102 | 104½ | 102 |
| Mtl. L. H. & Pr. | 3½ | '56 | 101½ | 103½ | 101 |
| Do. | 3½ | '73 | 100 | 102 | 100 |
| Do. | 3½ | '63 | 102 | 104 | 102 |
| †Mtl. Tramways. | 5 | '51 | 101½ | 104 | 101½ |
| †Do. | 5 | '55 | 100 | 102½ | 100 |
| Natl. Lt. & Pwr. | 4½ | '61 | 102 | 104½ | 101½ |
| Otta. L. H. & P. | 4 | '57 | 102½ | ... | 102½ |
| Ottawa V. Pwr. | 5 | '59 | 101½ | ... | 101½ |
| Do. | 4 | '64 | 105½ | ... | 105½ |
| †Power Corp. | 4½ | '59 | 104½ | ... | 104½ |
| Quebec Pwr. | 3 | '62 | 100½ | 102½ | 101 |
| St. Maurice Pr. | 3½ | '70 | 102½ | 104½ | 102½ |
| Shaw. W. & Pr. | 3½ | '61 | 100½ | 102½ | 101 |
| Union Gas | 4½ | '50 | 100½ | 102½ | 100½ |
| †United Secs. | 3 | '52 | 99 | 102 | 99 |
| †Wpg. El. Ser. A | 3½ | '71 | 102 | 104 | 102 |
| **Industrial and Realty Issues:** | | | | | |
| †Abitibi Pr. P. | 5 | '65 | 99½ | 102 | 99 |
| Acadia-Atlantic Sugar | 3½ | '63 | 102½ | ... | 102½ |
| Algoma Steel | 5 | '48 | 101½ | 104 | 101 |
| Aluminum Co. | 3½ | '74 | 103 | ... | 105 |
| †B. C. Pulp & P. | 5 | '50 | 100½ | 103 | 100 |
| ‡†Do. | 7 | '50 | 100½ | 103 | 100½ |
| Brown Co. | 5 | '59 | 99½ | 102 | 99 |
| Burns & Co. | 4 | '63 | 101 | 103 | 101 |
| Can. Celanese. | 3½ | '59 | 101½ | ... | 101½ |
| Can. Cement | 4½ | '51 | 101 | 103 | 101 |
| Can. Electric | 4½ | '65 | 101½ | ... | 101½ |
| Can. Steamship | 3½ | '57 | 102½ | 104½ | 101½ |
| C. W. Lumber | 4 | '62 | 102 | 104½ | 101½ |
| C. P. R. | 3½ | '51 | 104 | ... | 104 |
| Do. | 4 | '49 | 105 | ... | 105 |
| C. P. R. | 4 | Perp. | 113½ | ... | 113½ |
| †Consol. Paper | 5½ | '61 | 100½ | 103 | 100½ |
| Dom. Coal | 4½ | '52 | 101 | 103½ | 101 |
| Dom. Scot. Inv. | 4 | '52 | 101 | ... | 101 |
| Dom. T. & Ch. | 3½ | '57 | 101 | ... | 102 |
| Dom. Textile | 3½ | '59 | 102½ | ... | 102 |
| Dom. Woollens | 5 | '64 | 102½ | 105 | 102½ |
| †Donnacona Pp. | 4½ | '56 | 100 | 102½ | 99½ |
| *Dryden Pap. | 4 | '61 | 101½ | 104 | 102 |
| †Federal Grain | 4 | '64 | 102½ | 104½ | 102½ |
| *Great L. Paper | 5 | '55 | 102 | ... | 102 |
| *Gurney Fdry. | 5½ | '49 | 100 | 103 | 102½ |
| †Gypsum Lime | 5½ | '48 | 101 | 103 | 100 |
| Ham. Cotton | 3½ | '59 | 100 | ... | 100 |
| Inter-City Bak. | 5½ | '48 | 100 | 103 | 100 |
| Indust. Accept. | 4 | '52 | 101 | 103½ | 101 |
| Ins. Ex. Bldg. | 3 | '51 | 98½ | 101½ | 98½ |
| *Inv. Bond & Sh. | 5 | '47 | 95½ | 98½ | 95½ |
| Lake St. J. P. | 5½ | '61 | 102½ | 104½ | 102 |
| Do. | 5 | '61 | 101½ | 103½ | 101½ |
| Legare | 6 | '61 | 100½ | ... | 100 |
| MacMillan (H.R.) Export | 4 | '65 | 102½ | 105 | 102 |
| Maple L. M. | 3½ | '63 | 102½ | 104½ | 102½ |
| Man. Sugar | 5 | '60 | 102½ | ... | 102½ |
| Massey-Harris | 3 | '66 | 100 | 102 | 100 |
| McColl-Fron. | 4½ | '49 | 101 | ... | 101 |
| McCormicks | 4 | '52 | 101½ | ... | 101½ |
| Mercury Mills | 4 | '59 | 101½ | ... | 101½ |
| Moirs Ltd. | 6 | '53 | 99½ | ... | 99½ |
| Montreal Apts. | 4 | '5[illegible] | 96½ | 99½ | 97 |
| N. S. Stl. Coal | 3½ | '63 | 98½ | 101½ | 99 |
| Price Bros. | 3½ | '66 | 103 | 105 | 103 |
| *Prov. Paper | 5½ | '47 | 100 | ... | 100 |
| Silv. Dairies | 4 | '60-64 | 101½ | 104 | 101 |
| Simpsons, Ltd. | 3½ | '60 | 102½ | ... | 102½ |
| Toronto Elevat. | 3½ | '66 | 101½ | ... | 101 |
| United Corp. | 4 | '58 | 101 | ... | 101 |
| †Western Grain | 5 | '63 | 99 | 102 | 99 |
| York K. Mills | 3½ | '71 | 99 | 102 | 99½ |

*Payable in Can. or U. S.
†Payable in Can. U. S. or U. K.
•Payable in U. S.
▴Payable in Canada only.
‡Traded without accrued interest.
▪Payable in Can. or U. K.

## Investment Trusts

| | Bid | Asked |
|---|---|---|
| Affiliated Funds | 4.92 | 5.38 |
| Can. Int. Trust | 4.50 | 5.25 |
| Can. Invest. Fund | 5.05 | 5.60 |
| Can. Invest. Corp. | 8.00 | 9.00 |
| Commonwealth Int. | 3.88 | 4.26 |
| Corporate Inv. | 9.65 | 10.35 |
| Trans-Canada (A) | 15.00 | |
| Do. (B) | ... | 34.25 |

## DIVIDEND NOTICES

### Standard Paving & Materials Limited

**Preferred Dividend**

Notice is hereby given that a dividend of 31¼c per share has been declared in respect to the half year ending September 30th, 1946, on the Participating Cumulative Redeemable Preference Shares of Standard Paving & Materials Limited, payable on October 1st, 1946, to shareholders of record at the close of business on September 3rd, 1946.

By Order of the Board.

A. M. HARNWELL,
Secretary.

Toronto, Ontario, July 25, 1946.

### Donohue Brothers Limited

Notice is hereby given that a dividend of 25c per share for the quarter ending August 31st, 1946, has been declared upon the ordinary shares of the Company, payable on or after the first day of September, 1946, to holders on record at the close of business on the 15th day of August, 1946.

By Order of the Board,

A. EMILE BEAUVAIS,
Secretary.

### Federal Grain, Limited

**DIVIDEND NOTICE**

TAKE NOTICE that a Dividend of $2.50 per share on the 6½% Cumulative Redeemable Preference Shares of the Company, on account of arrears of Dividends, has been declared, payable August 31st, 1946, to shareholders of record at the close of business August 16th, 1946.

The transfer books of the Company relating to the said Preference Shares will be closed from the close of business on August 16th, 1946, until the close of business on August 31st, 1946.

BY ORDER OF THE BOARD.

A. R. Strachan,
Secretary.

Winnipeg, Manitoba
July 26, 1946.

### ALUMINIUM LIMITED

**COMMON DIVIDEND**

On July 24th, 1946, a quarterly dividend of $2.00 per share was declared on the Common Shares of this Company payable in Canadian Dollars September 5th, 1946, to shareholders of record at the close of business August 9th, 1946.

*Montreal July 24th, 1946* — *J. A. DULLEA, Secretary.*

### Dominion Bridge Company, Limited

**DIVIDEND NOTICE**

A Dividend of THIRTY CENTS (30c) per Share on the Outstanding No Par Value Shares of this Company has been declared for the Quarter ending 31st July, 1946, payable 24th August, 1946, to Shareholders of record at the close of business on the 31st July, 1946.

By Order of the Board,

F. W. EVENS,
Secretary.

Montreal, Que.,
23rd July, 1946.

### Proprietary Mines

LIMITED

**DIVIDEND NO. 30**

NOTICE is hereby given that a Dividend of Five cents per share has been declared on the issued capital stock of the Company, payable in Canadian Funds on September 5th, 1946, to shareholders of record at the close of business on August 5th, 1946.

By Order of the Board.

J. INGRAM,
Secretary-Treasurer.

Toronto, Ont., July 24, 1946.

**DIVIDEND NOTICE**

### The Hamilton Cotton Company Limited

Notice is hereby given that a Dividend of 22½ cents per share on the outstanding Common Shares of the Company has been declared for payment September 3, 1946, to Shareholders of Record at the close of business August 9, 1946.

By Order of the Board,

E. GLOVER HOWE,
Secretary.

Dated at Hamilton, July 24, 1946.

### Canadian Breweries Limited

**DIVIDEND NOTICE**

Notice is hereby given that a dividend of thirty-seven and one half cents (37½c) per share has been declared on the outstanding Capital Stock of this Company, payable October first, 1946, to shareholders of record at the close of business on August thirty-first, 1946.

By Order of the Board,

W. C. BUTLER,
Secretary.

Toronto, July 24th, 1946.

### York Knitting Mills, Limited

**DIVIDEND NOTICES**

Notice is hereby given that a dividend of 3½% has been declared on the First Preference Stock of the Company for the six months ended June 30th, 1946, payable August 15th, to shareholders of record at the close of business on August 2, 1946.

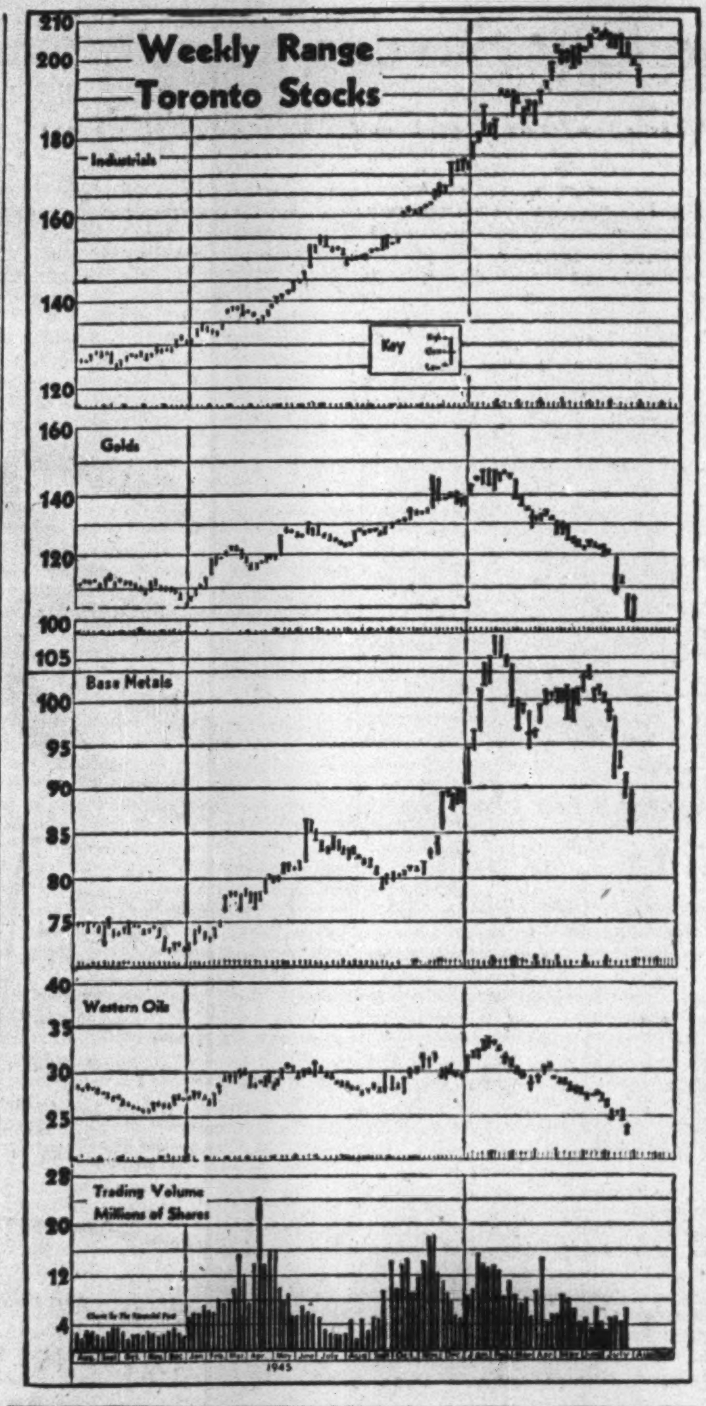
Notice is hereby given that a dividend of 3½% has been declared on the Second Preference Stock of the Company for the six months ended June 30th, 1946, payable August 15th, to shareholders of record at the close of business on August 2nd, 1946.

Notice is hereby given that a dividend of 20c per share has been declared on the Common Stock of the Company for the six months ended June 30th, 1946, payable August 15th, to shareholders of record at the close of business on August 2nd, 1946.

By Order of the Board,

J. S. LEWIS,
Secretary.

Toronto, July 23, 1946.



# What Would Free Market In Gold Mean to Canada?

(Continued from page 9)

ership of gold would weaken the control of government over the economic affairs of private individuals and enterprises. If all governments could agree simultaneously to relinquish their control of gold, a free market in gold might be brought about in the event that internal currencies and international trade were established on sound lines and might be a way of forcing freedom in other matters, but unilateral action to set up a free market would weaken the power of the government taking such action. Free circulation of gold is a form of economic disarmament, and like military disarmament it is hard to achieve. The only time when governments can permit free circulation is when there is such profound peace and confidence that few people actually insist on using gold. But once introduced, convertibility of a paper currency imposes a brake on fiscal adventurers, and even on military adventurers since these must secure abnormal fiscal power to carry out their plans.

**2. If the United States stopped or restricted her buying of gold, what would happen? Are other markets adequate to take up the supply?**

If I am correct in assuming that many people especially in the United States, would like to buy gold as a hedge against inflation, it is probable that for the time being the price would be maintained and perhaps even advanced by pressure of private demand. But holding gold is of little or no advantage, given a stable banking system, unless its buying power in terms of goods and services is increasing. As to the long term price of gold, if the U. S. were out of the market I would not care to hazard a guess. Other countries more involved in international trade and gold mining might agree upon and maintain a price.

**3. Have you any doubts as to the continued willingness of the U. S. to continue her present gold purchase policy?**

Shortly before the war, when production was advancing rapidly, I had many doubts; but owing to the rise of mining costs during the war, $35 an ounce no longer seems to me a needlessly high price. I here assume that a considerable output of gold is desirable as a means of facilitating international commerce and orderly systems of currency.

**4. Does establishment of the International Monetary Fund strengthen or weaken the position of gold now or for the longer term?**

It should strengthen the position of gold since it seeks to preserve the established advantages of gold and of stable currencies, while introducing a controlled flexibility into the working of the system.

**5. Does the International Monetary Fund have any control over the price at which anybody buys gold?**

Yes, provided the Articles of Agreement established at Bretton Woods have not been modified. Article IV, section 2, states that "the fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin." Par value, according to section 1, shall be expressed "in terms of gold as a common denominator or in terms of the United States dollar or the weight and fineness in effect on July 1, 1944."

These clauses do not appear to restrict private dealings in gold, but seem to imply that governments will retain for themselves the power to purchase as much newly mined gold as they desire, at par value.

The members of the fund may alter the gold content of all their currencies simultaneously (i.e. change the price of gold) by a majority vote provided the United States and Great Britain are among the majority, according to Section 7 of Article IV of the Agreement.

## Grain Prices

### Winnipeg Grain Futures

Week to July 29, 1946

| Crop year from Aug 1, 1945 High | Low | | High for week | Low for week | Close July 29 |
|---|---|---|---|---|---|
| | | **Oats*** | | | |
| .51½ | .51½ | May | .51½ | .51½ | .51½ |
| | | **Barley*** | | | |
| .64¾ | .64¾ | May | .64¾ | .64¾ | .64¾ |
| | | **Rye** | | | |
| 3.15 | 1.49¼ | July | 2.99 | 2.76¾ | 2.99 |
| 2.87 | 1.50⅞ | Oct. | 2.16½ | 1.97½ | 2.16½ |
| 2.77⅞ | 1.81⅛ | Dec. | 2.03¾ | 1.88⅞ | 2.03¾ |

*At ceiling.

### Cash Quotations

| | For Week July 29 High | Low | Prev. Week High | Low |
|---|---|---|---|---|
| **Oats*** | | | | |
| 2 C. W. | .51½ | .51½ | .51½ | .51½ |
| 3 C. W. | .51½ | .51½ | .51½ | .51½ |
| **Barley*** | | | | |
| 1 Feed | .64¾ | .64¾ | .64¾ | .64¾ |
| 2 Feed | .64¾ | .64¾ | .64¾ | .64¾ |
| **Rye** | | | | |
| 2 C. W. | 2.99 | 2.79 | 2.89 | 2.71 |

*At ceiling.

## Municipal Bonds

July 30, 1946

| | % | Due | Bid | Ask. | Yld. % |
|---|---|---|---|---|---|
| Halifax | 3½ | 1955 | 107¼ | 108¾ | 2.90 |
| Hamilton | 5 | 1950 | 109 | 110½ | 2.25 |
| Montreal | 3 | 1950 | 100 | 101 | 2.77 |
| Ottawa | 3 | 1953 | 105¼ | 106¾ | 2.00 |
| Quebec | 3 | 1964 | 100 | 102 | 2.85 |
| †Quebec | 5 | 1959 | 119 | ... | ... |
| Saint John | 5 | 1950 | 109¼ | 111¼ | 2.35 |
| †Toronto | 4½ | 1955 | 116 | ... | ... |
| †Vancouver | 5 | 1970 | 131 | ... | ... |
| Winnipeg | 7 | 1950 | 112 | 114 | 2.25 |

†Payable Canada and New York.

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## Auto Priorities Expire This Week

OTTAWA (Special) — Strike-induced low production in the automobile industry, plus the fact that the number of priority certificates already issued greatly exceed delivery rates to car dealers, has led Reconstruction Minister Howe to abandon the motor vehicle priorities system. After August 1, no new applications will be accepted, he has announced.

Aside from delivery delays, which have made the system meaningless, there is admission that the plan of priorities has failed largely because of the willingness of large numbers of ex-servicemen to sell, barter or give away their priority certificates.

Scrapping of the priority system means Ottawa has decided that the holding of the price line against black market influences is more vital at this stage than determining who gets his car first.

Urgent cases will still be given consideration on the basis of submitted evidence and, where the case is considered justified, a certificate will be issued direct from Ottawa.

## Supplementary Bond Quotations

Furnished by Investment Dealers Association
Month-end Closing Prices
July 30, 1946

| | Bid | Asked |
|---|---|---|
| Adel. Sheppard 5/7-48 | 55½ | 58½ |
| Albert-Bay 5%/50 | 97 | ... |
| Alexandra Apts. 3%/55 w.s. | 78 | ... |
| Ancroft Place 4%/46 w.s. | 76 | ... |
| *Balfour Bldg. 3%/43 | 75 | ... |
| *Bay-Adelaide 6¼%/47 | 46½ | 49½ |
| *Bay-Cumberl'd 6¼%/44 w.s. | 57 | ... |
| Bloor St. George Rlty. 7%/46 | 80 | 83 |
| Brand. Henderson 4%/61 | 101 | 103½ |
| Can. Theatres | 100 | ... |
| †Clarendon Apts. 7%/46 | 54 | 57 |
| †Clarendon Props. | 54 | 57 |
| Connaught Hotel 4%/52 | 82 | ... |
| †Deer Park Manor 7%/40 w.s. | 65½ | ... |
| Dom. Dairies 4/66 | 99½ | 102½ |
| Dominion Square 4%/50 | 102½ | ... |
| Ellis Park Apts. 4½%/45 | 78 | ... |
| Fed. Foundries 5½%/50 | 91 | 94 |
| General Brock Hotel 3%/54 | 78½ | 81½ |
| Gleneagles Inv. 5%/44 w.s. | 110½ | ... |
| Godfrey Realty 4%/52 | 98½ | 101½ |
| Keefer Realty 5%/55 | 102 | ... |
| Lombard Rlty. 2½%/51 w.s | 34 | ... |
| Loew's Montreal 4%/58 | 99 | ... |
| Lord Nelson Hotel 4%/47 | 94½ | 97½ |
| Metropol. Bldg. 4½%/52 inc. | 90½ | ... |
| Munic. Bankers (1931) | 30 | ... |
| National Utilities 6%/48 | 98½ | ... |
| Ogilvy Rlty. 5½%/51 | 100½ | ... |
| Oshawa Bldg. 3-4%/53 | 74 | ... |
| Prince Edw. Hotel 4%/47 | 72½ | ... |
| *Richmond Bldg. 7%/47 | 35 | 38 |
| St. Catherine Stan. Rlty. 3½%-4/57 | 98½ | ... |
| †Trinity Bldg. 4%/52 | 18 | ... |
| 200 St. Clair W. 4½%/56 | 81½ | ... |
| †Wellington Bldg. 6½% Ser. | 76½ | ... |
| Windsor Court 3%/56 w.s. | 73½ | ... |
| York St. Bldg. 6%/43 | 95½ | ... |
| *York Adelaide 7%/45 | 40 | ... |

*Issue carries arrears of interest.
w.s.—With stock attached.
†Currently paying interest on arrears.

## Commodities

| | Latest week | Previous week | Same week last yr. |
|---|---|---|---|
| Cattle | $12.83 | $13.59 | $12.09 |
| Hogs | 20.83 | 20.72 | 19.37 |
| Copper, lb. | .14⅜ | .14⅜ | .12 |
| Sugar, raw, lb. | *.04205 | .04205 | .04205 |
| Coffee, lb. | *.09⅜ | .09⅜ | .09⅜ |
| Hides | *.15½ | .15½ | .13½ |
| **Weekly Indices** | | | |
| U. S. Labor | 120.7 | 117.2 | 105.6 |
| Dow Jones | 125.25 | 120.41 | 100.40 |
| Fishers | 127.8 | 123.6 | 115.3 |
| **Monthly Indices** | | | |
| Retail (June) | 123.6 | 122.0 | 119.6 |
| W'sale (May) | 124.4 | 125.1 | 97.2 |
| U. S. (Mar.) | 103.9 | 107.7 | 105.3 |
| Gt. Brit. (Mar.) | 171.9 | 171.6 | 167.8 |

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. No. 7 coffee. Rio Sugar 96 degrees centrifugal c/f New York.

*Ceiling prices fixed by the office of Price Administration.

## Bond Redemptions

| Bond Issues: | Rate | Year | Due | Price |
|---|---|---|---|---|
| ‡Avalon Tel. | 4½% | 1958 | Aug. 1 | 102½ |
| ‡B. A. Oil | 2½-2¾% | 1946-48 | Sept. 3 | 100½ |
| ‡Do. | 3% | 1949 | Sept. 3 | 102 |
| ‡Do. | 3¼% | 1948 | Sept. 3 | 100½ |
| ‡Do. | 3¼% | 1953 | Sept. 3 | 101 |
| ‡Do. | 2½-3¼% | 1953 | Sept. 3 | 100½ |
| ‡Do. | 2-2½% | 1955 | Sept. 3 | 100½ |
| ‡Can. Theatre | 5% | 1951 | Sept. 1 | 100 |
| ‡Can. Vickers A | 6% | 1947 | Aug. 1 | 101 |
| ‡Dryden Paper | 6% | 1949 | Aug. 1 | 101 |
| Gt. Lakes Pwr. | 5% | 1959 | Aug. 6 | 103½ |
| Maple L. Mill. | 3¼% | 1956 | Aug. 1 | 101 |
| Maritime Elec. | 5½% | 1956 | Oct. 1 | 101½ |
| ‡Minas Basin | | | | |
| P. & P. | 5½-6½% | 1949, '56-57 | Aug. 1 | 103 |
| ‡Do. | 5½% | 1953 | Aug. 1 | 101½ |
| ‡Do. | 5½% | 1954-55 | Aug. 1 | 102 |
| ‡Mtl. Dry Docks | 6% | 1947 | Aug. 1 | 101 |
| Paton Mfg. | 4½% | 1956 | Sept. 1 | 102 |
| ‡Silverwood Dair. | 6% | 1966 | July 31 | 100 |

‡All outstanding.

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# Market Comment

The week's market highlights were: announcement of the long-awaited tax relief for prospect and producing gold mines, release of second quarter earnings for United States Steel Corp.

Canadian mining issues advanced on a broad front on Monday as a result of the federal tax relief but surrendered about 35% of gain before the day's close as considerable liquidating action came into the market. Mines generally resumed downward drifting action after "the street" had digested limitations in federal aid.

U.S. industrials were able to shake off the cautious "wait and see" attitude of investors this week with release of better than expected 2nd quarter earnings of United States Steel. At the same time announcement that steel production in the U.S. had reached wartime level again added another "fillip" to the market. With relative quietness prevailing on the labor front some U.S. investment experts are now calling higher prices in many specialty issues.

**The Wall Street Journal (New York): Sam Smith of Bache & Co.** "Since the trend of the market is normally dictated by future rather than past earnings, which in turn determine dividend disbursements, we feel that a measure of constructive confidence is warranted in the outlook. In most fields, inventories remain light and demand continues large. With employment and buying power great, the apparent prospect is for a high level of operations."

* * *

### New Highs and Lows

During the week ended July 29 there were seven new highs recorded among the "general" stocks traded on Canadian stock exchanges and 19 new lows. In the mining group there were one new high and 144 new lows. There were no new highs and ten new lows in the oil stocks.

**GENERAL**

**New Highs—1946**

Cdn. Converters B
Capital Estate
de Havilland pf
Fleet Aircraft
Loblaw A
St. Law. Flour pf.
Willson Stat.

**New Lows—1946**

Abitibi $1.50 pf. N
Algoma Steel c.
Asbestos
Biltmore Hats n. c.
Blue Ribbon c.
B. C. Packers A n.
B. C. Power B
B. C. Turf & C'try
Brown Co. pf.
Cdn. Bronze pf.
Cdn. Car com.
Cdn. For. Inv. c.
Cdn. Pac. Rlwy.
Cdn. Westingh'se
Conduits Nat'l
Davis Leather B
Fairchild Aircraft
Fittings c.
Ford Motor A
Gen. Bakeries
Gordon MacKay A
Hamilton Bridge
Ind. Accept. A
Int. Nickel c.
Int. Paper pf.
Int. Pete.
McCabe Grain A
McColl-Fron. p. n.
Melchers c.
Mont. Loc.
Morrison Brass
Mount Royal Rice
Nat. Hosiery A
Power Corp.
Pressed Metals
Que. Pulp & P. pf.
Russell Ind.
Sicks Brew.
Do., V.T.
Simon & Sons
St. Lawr. Corp.
Do. pref. A
Stand. Paving
Stanley Brock A
Do. B
Taylor P. & C.
Do. pref.
Weston, Geo.

**MINING**

**New Highs—1946**

McGillivray C.

**New Lows—1946**

Alta
Amal. Larder
Anglo-Huronian
Aquarius
Ashley
Anthona '37
Atlas Y'knife
Anglo Rouyn
Bagamac
Bear Explor.
Beatrice
Beattie Gold
Berens River
Bevcourt
Bobs Lake
Bous Cadillac
Boycon P.
Bridge River
Broulan
Buffalo Ankerite
Buffalo Can.
Callinan
Camp. R. L.
Can. Malartic
Cariboo
Castle Treth.
Century
Cheskirk
Coast Copper
Coin Lake
Colomac
Coniagas
Coniaurum
Conwest
Delnite
Dickenson
Discovery
Dome
East Amph.
East Sull.
Elder
Eldona
Falconbridge
Federal
Francoeur
Frobisher
Giant Y'knife
Gillies Lake
Goldale
Gold Crest
Gold Eagle
Goldhawk
Goldora
Goldvue
Graham B
Grull W.
Halcrow
Halliwell
Hard Rock
Harricana
Hasaga
Heath
Heva Cad.
Homer Y'knife
Howey Gold
Indian Lake
Island Mountain
Jack Waite
Jason
Kenville
Kerr-Addison
Kirk. H. Bay
Labrador
L. Dufault
L. Fortune
L. Rowan
La Luz
Lapa Cadillac
Lapaska
Leitch Gold
Lingman Lake
Little L. L.
Louvicourt
Madsen R. I.
Marlow R.
McIntyre Porc.
McKenzie R. L.
Mining Corp.
Moneta
Mosher L. L.
Newnorth
New Bidl'e.
Nipissing
Norbenite
Norsemen
Northland
North Inca
O'Brien
O'Leary
Omega
Osisko
Osulake
Pandora
Parbec
Pato
Piccadilly Porc.
Pickle Crow
Pioneer Gold
Powell Rouyn v.t.
Premier Border
Privateer
Quebec Gold
Quebec Y'knife
Queenston
Quemont
Roche L. L.
Rouyn M.
Rush L.
San Antonio
Shawkey
Sigma
Siscoe
Sladen Mal.
Stadacona New
Standard Gold
Steeloy
Steep Rock
Sturgeon R.
Sullivan C.
Surf Inlet
Sylvanite
Temiskaming
Thompson
Thurbois
Toburn G.
Towagmac
Trans. Res.
Upper Can.
Ventures
Vicour
Villbona
Waite Am.
Wasa Lake
West Mal.

**OILS**

**New Lows—1946**

Alliance
Apex
British Dom.
Calgary & Ed.
Calmont
Commonwealth
Home
Pacific P.
Princess P.
Royalite

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BILL: Seems like everybody's got an eye on the South American market these days. We even tried it a month ago but, if things keep on going the way they are, I think we'll forget the whole business.

*JACK: Why Bill? Did some "senor" prove too smart for you?*

BILL: Heck no . . . it's not as simple as that! This has to do with invoicing procedure. I invoiced my first token shipment at $1,500.00 good Canadian money figured at $1,363.64 in United States currency. But now, with the parity declared on July 5th, I stand to lose $136.36. Who wouldn't be mad?

*JACK: Well, live and learn. We started exporting to Latin America about five months ago without knowing any too much about procedure. But we were lucky enough to meet up with Canadian-European Forwarders Ltd. before we started. They suggested that we include a clause in our offers and invoices protecting us against just such an emergency. Two of their men are experts in knowing how to minimize currency risks. And by the way, they are most helpful in many other ways besides offering an excellent forwarding service. Better call WA. 8070 before you make another shipment.*

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# Maximum Any Gold Mine Can Save Is 46.7c an Ounce with New Depletion

By GORDON M. GRANT

Maximum saving to gold mines under the new $2 depletion allowance announced by Acting Minister of Finance Abbott in the House of Commons will be 46.67 cents per ounce in 1947.

This will be the saving in taxes for the mine realizing a profit of exactly $2 an ounce.

If a gold mine's profit runs under $2 an ounce, saving will be proportionately lower (e.g. 23.34 cents for $1 an ounce profit). If a gold mine's profit runs over $2 an ounce, there may be lower taxes to pay. Any gold mine realizing a profit of less than $6 an ounce will find a saving can be made under the $2 depletion allowance alternative.

Tax saving will be practically negligible for a mine realizing a $5.75 profit but will grow until the 46.67 cents an ounce tax saving is reached at the $2 profit mark.

Here are the mathematics of the new $2 alternative depletion allowance:

A $2 an ounce depletion allowance, as announced, will permit a gold mining company to treat $2 an ounce realized as profit in producing gold as a return of capital on which no tax need be paid.

Alternatively, if a gold mining company realizing a $2 an ounce profit were to elect to pay tax on the already established basis (which permits a 33 1/3% allowance of profit as depletion no matter what the profit), there would remain $1.333 an ounce as taxable profit. At 1947 Dominion corporation tax rate of 35%, tax on the $1.333 would be 46.67 cents an ounce.

But there is no tax at all on the $2 an ounce depletion basis so that the saving will be the entire 46.67 cents an ounce which need not be paid.

If the profit realized were just $1 an ounce, it will be seen that the saving would be just half the 46.67 cents an ounce—or 23.34 cents an ounce.

### $6 The "Break Even" Point

If a mine were to realize exactly a $6 an ounce profit, depletion allowance for capital return on the 33 1/3% basis would be $2—exactly the same as the new alternative depletion allowance. Thus it would make no difference on which basis such a company paid its taxes.

If the profit realized were greater than $6 an ounce, however, it would be obviously better for the company to pay its tax on the basis of 33 1/3% depletion on profit realized. Tax saving gradually becomes better on profits working down from $6 an ounce to $2 an ounce.

The new depletion allowance, of course, means nothing to those mines which cannot realize a profit at $35 gold except a hope of a little better earnings should they work into the profit category.

### Marketing Charge Helps

Reduction in the gold marketing charge from 35 to 20 cents an ounce (government cost 16 cents) favorably affects all gold mines whether working at a profit or not.

The most favorably situated gold mine (aside from a new producer) to benefit from the new depletion allowance would be a mine realizing a profit of exactly $2 an ounce. But the saving to this mine would be only 66.67 cents an ounce, including the reduced bullion charge, or not quite a fifth of the $3.50 an ounce lost through the return of the Canadian price of gold to $35 an ounce.

### New Mines Really Gain

The provision that new gold mines be exempted from the remaining half of the corporation tax to which they were liable for the first three years of their existence is expected to be a real stimulus for the opening of new mines. In practice it may prove more important to the mining industry than the new alternative depletion allowance announced. New gold mines actually enjoy this tax exemption for 3½ years rather than the stipulated three since an initial six months' tax free period is granted for "tuning up."

A 3½ years' tax exempt period can do several things for a developing new gold mine:

1. It can facilitate the raising of funds by borrowing (and by sale of shares) because repayment can be made in a shorter period when there are no taxes to worry about.

2. It can permit more rapid expansion as entire operating profits can be plowed back" into the operation when they are not partly skimmed off by the corporation tax.

3. It raises the profit margin prospect, permitting production plans to be considered for properties which might ordinarily not be thought rich enough to justify a production plant.

Mining men have expressed disappointment that the Dominion Government did not see fit to provide an increase in the older depletion allowance from 33 1/3 to 50% as recommended by the Senate.

Actually mines realizing a profit of $4 an ounce or less will be in just as good—or better—a position than they would have been had the 50% depletion allowance request been recognized. The new depletion allowance will assist the profitable treatment of marginal ores but, as far as the mining industry is concerned, leaves unsolved the problem of tiding over mines now losing a little money until more satisfactory conditions develop.

## Most Gold Mine Costs in 1945 Outside Benefitting Bracket

**Few Come Between Nil and $6 an Ounce Profit—$35 Gold May Bring Situation Change.**

| Company | —Production— $ | —Production— oz. | —Cost Per Ounce— Before taxes $ | —Cost Per Ounce— Profit (loss) at $35 Gold $ |
|---|---|---|---|---|
| Hallnor Mines | 1,724,505 | 44,792 | 15.49 | 19.51 |
| Dome Mines | 4,887,263 | 126,941 | 18.23 | 16.77 |
| Wright-Hargreaves | 3,152,857 | 81,892 | 18.90 | 16.10 |
| Bralorne Mines | 2,172,669 | 56,432 | 20.33 | 14.67 |
| Kerr-Addison | 3,122,706 | 81,109 | 21.19 | 13.81 |
| Lamaque Gold Mines | 1,734,977 | 45,064 | 21.20 | 13.80 |
| Lake Shore Mines | 4,276,226 | 111,070 | 21.77 | 13.23 |
| Perron Gold Mines | 763,671 | 19,836 | 22.48 | 12.52 |
| San Antonio G. M. | 1,477,995 | 38,389 | 22.92 | 12.08 |
| O'Brien Gold Mines | 1,000,328 | 25,982 | 23.69 | 11.31 |
| Leitch Gold Mines | 683,453 | 17,752 | 23.85 | 11.15 |
| McIntyre Porcupine | 6,343,869 | 164,775 | 23.89 | 11.11 |
| Aunor Gold Mines | 2,163,291 | 56,189 | 23.91 | 11.09 |
| Sigma Mines | 1,908,002 | 49,558 | 24.30 | 10.70 |
| Belleterre Quebec | 1,584,593 | 41,158 | 24.65 | 10.35 |
| Sylvanite Gold Mines | 1,452,360 | 37,723 | 24.72 | 10.28 |
| Coniaurum Mines | 1,013,678 | 26,329 | 24.95 | 10.05 |
| Central Patricia | 1,071,245 | 27,824 | 25.17 | 9.83 |
| Pickle Crow Gold Mines | 1,291,181 | 33,537 | 25.95 | 9.05 |
| Hollinger Consolidated | 8,917,363 | 231,619 | 26.52 | 8.48 |
| Canadian Malartic | 1,418,693 | 36,849 | 26.80 | 8.20 |
| Macassa Mines | 1,089,839 | 28,307 | 26.82 | 8.18 |
| Island Mountain | 388,229 | 10,083 | 27.99 | 7.01 |
| Teck-Hughes Gold Mines | 1,098,377 | 28,529 | 28.08 | 6.92 |
| Pamour Porcupine | 1,465,075 | 38,053 | 29.22 | 5.78 |
| Upper Canada Mines | 1,005,252 | 26,110 | 29.76 | 5.24 |
| Kirkland Lake | 1,086,211 | 28,213 | 30.07 | 4.93 |
| Sullivan Consolidated | 1,016,307 | 26,397 | 30.69 | 4.31 |
| Sheep Creek Gold Mines | 181,935 | 4,725 | 31.15 | 3.85 |
| Paymaster Consolidated | 1,049,851 | 27,268 | 31.56 | 3.44 |
| Little Long Lac | 815,183 | 21,174 | 32.08 | 2.92 |
| Siscoe Gold Mines | 1,288,743 | 33,473 | 32.30 | 2.70 |
| Preston East Dome | 2,171,301 | 56,397 | 32.55 | 2.45 |
| Madsen Red Lake | 979,525 | 25,442 | 33.23 | 1.77 |
| Stadacona | 835,073 | 21.690 | 33.17 | 1.83 |
| Berens River | 1,187,969 | 30,792 | 34.16 | 0.84 |
| Matachewan Consol. | 602,951 | 15,661 | 34.16 | 0.84 |
| Broulan Porcupine | 653,917 | 16,985 | 35.27 | — 0.27 |
| McKenzie Red Lake | 492,972 | 12,804 | 36.56 | — 1.56 |
| Bidgood Kirkland | 419,425 | 10,894 | 36.87 | — 1.87 |
| East Malartic | 1,538,500 | 39,961 | 37.69 | — 2.69 |
| Sladen Malartic | 727,304 | 18,891 | 38.90 | — 3.90 |
| Francoeur Gold Mines | 448,213 | 11,642 | 39.27 | — 4.27 |
| Toburn Gold Mines | 482,988 | 12,545 | 41.09 | — 6.09 |
| Hard Rock Gold Mines* | 838,489 | 21,779 | 41.20 | — 6.20 |
| Malartic Gold Fields | 1,234,687 | 32,069 | 41.45 | — 6.45 |
| Buffalo Ankerite | 1,255,896 | 32,620 | 42.83 | — 7.83 |
| Powell Rouyn | 496,915 | 12,907 | 43.00 | — 8.00 |
| Cochenour-Willans | 424,595 | 11,028 | 43.62 | — 8.62 |
| Senator-Rouyn | 493,719 | 12,824 | 44.52 | — 9.52 |
| Chesterville Mines | 651,563 | 16,924 | 46.71 | —11.71 |
| Hasaga Gold Mines | 453,731 | 11,785 | 47.10 | —12.10 |
| Cariboo Gold Quartz | 512,588 | 13,314 | 51.79 | —16.79 |
| MacLeod-Cockshutt | 729,921 | 18,959 | 54.01 | —19.01 |
| Delnite Mines | 363,063 | 9,430 | 64.49 | —29.49 |
| Pioneer Gold Mines | 166,719 | 4,330 | 99.09 | —64.09 |

*Closed in 1945; based on 1944 results.

**Note:** In numerous instances, above companies produced only part of period or concentrated on development, this being reflected in a relatively high cost of producing gold. Cost per ounce, as shown, is approximate for some companies due to incomplete data available.

**PRIVATEER MINE** resumed development in Nov., 1945, and subsequently located both the Nos. 1 and 2 veins beyond the main fault. Drifting east of the fault on 1,000 level encountered 82 ft. of No. 1 vein averaging 3.81 oz. across 0.44 ft.; 105 ft. averaging 0.303 oz. across 1.08 ft. on 1,100 level and 50 ft. of 2.18 oz. across 0.78 ft. on 1,200 level. No. 2 vein on 1,200 level showed a length of 104 ft. averaging 1.56 oz. across 0.56 ft.

Milling operations were resumed March 13, 1946, and up until May 22, bullion production totalled $30,359 from 2,288 tons of ore milled.

Rehabilitation, exploration and research continued on holdings of B. C. Minerals & Resources Development Co. For the present attention is to be directed toward a large limestone deposit on the north Pacific coast, the company states. Two almost parallel veins were discovered in development of Fandora Gold Mines Co., in which Privateer holds an agreement for a 50% interest.

**INCOME ACCOUNT**

| Years Ended Dec. 31: | ‡1945 | 1944 |
|---|---|---|
| Misc. revenue | $8,291 | $9,473 |
| Less: Oper. exps. | 20,078 | 26,208 |
| Net oper. loss | 11,787 | 16,735 |
| Less: Out. expl. w/o | 37,288 | 30,447 |
| Shut down exps. | 2,977 | 7,911 |
| Re-open exps. | ...... | 3,562 |
| Add: Pr. on assets | 2,280 | 1,375 |
| Exp. deferred | 20,000 | ...... |
| Adj. wkmen's comp. | 2,115 | ...... |
| Net loss | 27,657 | 57,280 |
| Add: Divds. | ...... | 49,082 |
| Deficit for year | 27,657 | 106,362 |

‡Accts. of Prident Gold consolidated with Privateer in 1945.

| | | |
|---|---|---|
| Earns. per Share | d$0.011 | d$0.023 |
| Paid | ...... | 0.02 |

**CONDENSED BALANCE SHEET**

| As at Dec. 31: | 1945* | 1944 |
|---|---|---|
| Cash | $8,355 | $5,113 |
| Govt. bonds | 170,000 | 275,000 |
| Accts. rec. | 6,632 | 3,297 |
| Supplies | 25,960 | 22,700 |
| Total curr. assets | 210,947 | 306,110 |
| Def. & prep. exps. | 52,075 | 1,694 |
| Invest. in Prident | ...... | 93,768 |
| Misc. assets‡ | 26,412 | ...... |
| Prop., timber lands■ | 217,031 | 183,618 |
| Plant & equip.▲ | 127,044 | 119,041 |
| Total assets | 633,509 | 704,231 |
| Bank loan | 11,817 | 20,000 |
| Accts. & tax. pay. | †12,216 | 1,341 |
| Prident Gold M. | ...... | 47,168 |
| Total curr. liab. | 24,033 | 68,509 |
| Capital stock | 533,209 | 533,209 |
| Surplus | ‡76,267 | 102,513 |
| ▲After depr. of | 324,755 | 308,631 |
| ■After depl. of | 294,802 | 234,212 |

*Accts. of Prident Gold consolidated with Privateer in 1945. ‡Incl. $1,411 ref. EPT of Prident Gold.

| | | |
|---|---|---|
| Working capital | 186,914 | 237,601 |

**OPERATING STATISTICS**

| As at: | Feb. 28, 1946 | Dec. 31, 1944 |
|---|---|---|
| Ore reserves, tons | 83,956 | 23,870 |
| Grade | $14.11 | $15.30 |

## Beaulieu Stock Transactions To Be Subject of an Enquiry

An investigation into stock trading activities in shares of Beaulieu Yellowknife Mines has been announced by the Ontario Securities Commission and the Toronto Stock Exchange.

Authorization for the enquiry has been received from the Attorney-General and examinations under oath are to be made.

The announcement with respect to the enquiry is as follows:

"For some weeks now the Ontario Securities Commission auditors in co-operation with the auditors of the Toronto Stock Exchange have been conducting an investigation with a view to ascertaining the volume of trading done in Beaulieu shares through exchange houses, nonmember houses and by other large traders.

"The results of this preliminary investigation have convinced the Ontario Securities Commission and the Managing Committee of the Stock Exchange that examinations under oath should now be carried out through the machinery provided by The Securities Act of 1945. Accordingly they have recommended jointly to the Honourable the Attorney-General that authorization to conduct such examinations should be granted by him as required by the Act. The Honorable the Attorney-General has concurred and signed the required authorization.

"The investigation will be a thorough-going one into all phases of trading in Beaulieu shares and any other matters deemed to be connected therewith. It will commence immediately. Col. T. P. O'Connor, chief counsel for the Commission and J. H. Collins, chief auditor have been appointed to conduct the investigation and report to the Commission."

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**GRAND CHIBOUGAMAU MINES** has uncovered a strong quartz vein on No. 2 group in Obalski twp., Que. The vein has been traced for length of 1,400 ft. and is in addition to the original vein located on the property. X-ray drill has completed six shallow holes on original vein and core has been sent for assay. A crew is sampling old workings on the Tache Lake group, while a survey is being conducted on No. 8 group in Obalski twp.

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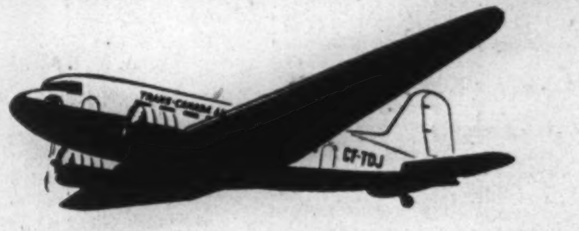

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# Is the Bull Market Over Or Will Stocks Go Higher?

(Continued from page 9)

spite governmental efforts to maintain ceilings, because of the pent-up demand for goods of all kinds by the masses.

Increased production will also, for the time being, augment the inflationary pressure until supply overruns demand, and in the interim, we should enjoy rising stock prices. It is quite likely that labor unrest, strikes, undue cost of conversion to peacetime production, etc., will affect the short-term trend adversely, but with the primary or long-term trend pointing upward, this should provide opportunities to acquire stocks.

While we confidently look forward to a rising market getting under way the latter part of this year, we cannot overlook the fact that the cycle has been upward for a period of over four years, and that the period of prosperity we are about to enjoy will last only until our capacity to produce, which has been materially increased due to our war effort, satiates the present demand. Thus, while it will be possible to make capital gains through market operations, investors should not lose sight of the important fact that there will come a time when a cash position should be taken if they are to avoid the unpleasant aftermath which follows long periods of rising prices.

## Frank Lawson

**Moss, Lawson & Co.;** Frank G. Lawson: Investors should always be in a position to buy or sell their securities. It is seldom possible to stay out of the market for anyone who has a portfolio of any size. The reason is that special situations are developing concerning individual companies and an investor should make it his business to secure from his stockbroker up-to-date information.

An investor might sell all his stocks and stay out of the market until he feels that prices have dropped where they are interesting enough to make purchases again. Other investors make purchases because they require income, and they have no intention of selling their securities until the yields get to be so low that income is not a factor.

The speculative investor requires different information from the long-term investor. The latter has not been disturbed by the recent decline in prices, because there is still a plentiful supply of money, crops are good, and production is on the increase in the United States and should shortly increase in Canada. The speculative investor tries to take advantage of swings in the market. The recent swing on the down side has been of sufficient proportion to indicate that there should now be a swing on the up side. However, individual securities should be studied in order to take full advantage of current developments.

## Trevor Moore

**McLeod, Young, Weir & Co.;** Trevor F. Moore: We believe that it is not feasible to give a blanket opinion concerning market trends.

Over a period of many years, we have found that investment accounts must be given individual attention, depending upon the circumstances and needs of the individual or estate. It often happens that a security suitable for one account is not at all suitable for others.

Investors, as distinguished from speculators, should be interested chiefly in major market movements, lasting a period of years, or at least many, many months. We believe that every account should be reviewed several times a year automatically, and in addition, immediately when any unforeseen event occurs which can be considered as having effect upon either the whole investment portfolio or individual securities held in the portfolio.

# Beattie Suffers Second Slide But Closure Held Unlikely

A second disastrous slide of mud and clay late last week at Beattie Gold Mines is not expected to be the finish of this northern Quebec operation—despite reports otherwise—but it will undoubtedly have an important effect on future operations.

President W. B. Maxwell reported from the property to head office early this week that some time would be required to assess full damage caused.

A number of factors make it unlikely that the company will "call it a day." During the period when rehabilitation of workings has been in progress from the first slide, a new shaft was completed in the Donchester section and extensive work has been done to make the higher grade ore from that section available for treatment in the company's 1,800-ton mill. The Donchester section has been the "white hope" of the company in recent years and there is no indication that the workings there are in any way affected by the latest cave-in.

Production had just been resumed on July 2 and disaster struck when the original rehabilitation job was near completion. If the latest slide is of not too large proportions, and the company decides that rehabilitation of this section is warranted with $35 gold, the company will have the know-how and equipment to proceed with the work. Lack of equipment had hampered the initial program.

That even a modest slide will cost a substantial sum of money cannot be doubted. Cost of the original rehabilitation program ran far in excess of expectations. The two parent companies, Ventures and Nipissing Mines, had to advance funds to allow completion of the program. If the Donchester section can deliver sufficient ore to keep the mill operating at part capacity, sufficient revenue might be realized to permit gradual rehabilitation of the original workings without recourse to any further extensive borrowing.

The company's shares declined, to close to the 50-cent mark, to the lowest point since 1942, during the first part of this week.

## Malga Porcupine Will Still Sink Its Shaft

Plans for the sinking of a shaft at Malga Porcupine Mines will not be changed because of reduction in the price of gold from $38.50 to $35 in Canadian funds, officials report.

Diamond drilling on the main sulphide area, which is 900 ft. in length by 900 ft. in width, is stated to have indicated 180,000 tons of ore which had been previously estimated to average $8.80 in gold. The average of this will now be $8 a ton, it is stated.

P. J. A. Hamilton, the company's resident engineer, reports that the difference of 80 cents a ton will not affect the company until it comes into production. "By that time it is quite possible that there will be some readjustment in the valuation of gold," Mr. Hamilton declares.

## Strike Salt Bed In New Gas Well

REGINA—Location of a 400-foot thick bed of salt in the Vera gas field, has been made, according to Natural Resources Minister J. L. Phelps. This deposit, said to be one of the thickest in Canada, was discovered at a depth of 3,459 feet by the Vera Oil Fields, when drilling Verbata test well No. 2 in June.

Tests of the salt deposit are being made by the University of Saskatchewan chemistry department.

Salt beds have been located before in Saskatchewan but at a depth of 7,000 ft., making economic production impossible. One oil company at Simpson in 1931 struck a salt bed at 3,420 ft., but its full depth was never determined. For a time the oil company produced some salt for the local market, and then discontinued the business.

## MINING INVESTMENTS

# Per Ton Tax Saving Slim Under $2 Depletion Rule

A survey by the Ontario Mining Association of 38 Ontario gold mines indicates six mines which would make gains—but very small ones—from the working of the new $2 an ounce depletion allowance. The OMA based its conclusions on 1944 results for some companies. A Post calculation elsewhere uses 1945 figures.

Adding the 15 cents an ounce saving through reduction in the bullion marketing charge from 35 to 20 cents an ounce, to the possible saving under the new depletion allowance, the association finds that the overall saving on the basis of a ton of ore milled usually amounts to only a very few cents. Ontario gold mines making more than $2 a ton profit, or losing money, were found not to benefit.

Results at the 12 mines making profits—but less than $2 a ton—are worked out by the association as follows:

| Mine: | Year | Grade Oz. per Ton | Net Profit per ton | Depl. at 33⅓% | Depletion at $2.00 per oz. | Addit'al Inc. due to decr. in Mint Charges | Est. net Prof. a ton after apply. new depl. allow. & decr. Mint Chgs. | Estimat. Incr. in Net Prof. per ton |
|---|---|---|---|---|---|---|---|---|
| Broulan .... | 1945 | 0.19 | $0.44 | $18,285 | 33,932 | $2,545 | $0.53 | $0.09 |
| Buffalo Ank. | 1944 | 0.17 | 0.15 | 19,303 | 82,132 | 6,160 | 0.27 | 0.12 |
| Hasaga ..... | 1944 | 0.12 | 0.11 | 5,746 | 33,578 | 2,518 | 0.14 | 0.03 |
| Little L. Lac | 1944 | 0.34 | 1.83 | 52,192 | 45,564* | 3,417 | 1.89 | 0.04 |
| Madsen ..... | 1945 | 0.28 | 0.98 | 44,679 | 50,876 | 3,816 | 1.04 | 0.03 |
| Mat'ch'n Con. | 1945 | 0.10 | 0.41 | 22,643 | 31,188 | [illegible] | [illegible] | 0.01 |
| McKen. R. L. | 1944 | 0.24 | 1.51 | 53,920 | 38,126* | 2,859 | 1.54 | 0.03 |
| Pamour .... | 1945 | 0.09 | 0.63 | [illegible] | [illegible] | 5,541 | 0.64 | 0.01 |
| Paymaster .. | 1944 | 0.22 | 1.05 | 63,105 | 54,538* | 4,090 | 1.07 | 0.02 |
| Preston ..... | 1945 | 0.25 | 1.11 | 114,574 | 112,656* | 8,449 | 1.13 | 0.03 |
| Toburn ..... | 1945 | 0.32 | 0.55 | 17,378 | 25,362 | 1,902 | 0.74 | 0.19 |
| Y. Davidson | 1944 | 0.09 | 0.59 | 41,148 | 29,220* | 2,192 | 0.60 | 0.01 |

* * *

### New Mines Gain More Now

Complete exemption of new gold mines from corporation tax means more today than it did in pre-war days when a similar exemption was in effect; because Dominion corporation tax today is 35%.

In the days before this exemption was shifted over from the income tax to the excess profits tax, and made to apply to producers of strategic minerals, new gold mines had received exemption from the then rate of tax—18%. During the war, gold mining had to revert temporarily to the status of a nonessential industry. Now, the importance of an expanding gold production is again being recognized with a renewal of the special exemption.

* * *

### Elder Hit by $35 Gold

A direct result of the return of the price of gold to $35, and rising costs of both labor and supplies, is the decision to reorganize Elder Gold Mines and revamp the company's program generally.

Plans now call for a one-for-two share reorganization, and a subsequent creation of a further million shares which would provide the shares for new financing for which a tentative offer has already been received.

It had previously been arranged to ship up to 300 tons of ore daily to Noranda, with shipments to start Aug. 15 at about 50 to 80 tons daily. Besides shipping to Noranda, the company now plans to build its own 300-ton mill. The new mill will permit the company to treat ore which under the present price of gold it would not be desirable to ship to Noranda, it is believed.

* * *

### Boomtime at Larder Lake

Return of gold to $35 has not affected the big expansion program going on at Kerr-Addison Gold Mines in the Larder Lake area nor does it appear likely to do so.

J. Y. Murdoch, in the Kerr-Addison second quarter report, announces that 13 purchased wartime houses have been taken to the Virginiatown townsite and that 40 new houses are being erected. Houses are being provided for married men and bunkhouses for single men.

Operations are still handicapped by a shortage of men but every effort is being made to bring the crew up to strength. The company has been advertising for men to learn mining. Good progress is reported in planning additional plant and in ordering equipment to raise capacity from 2,100 to 4,000 tons daily. A total of 119,895 tons of ore was milled in the June quarter, an average of 1,318 tons daily. Dollar value for the quarter was lower at $834,028, reflecting sale of part of June production at $35 an ounce.

* * *

### Work Moratorium Over

The special provision under which holders of claims in Quebec did not have to complete assessment work until one year after the end of the war will expire Jan. 1, 1947, the Quebec minister of mines announces.

A proclamation of the Federal Government sets forth that hostilities with Germany and Japan have ceased as from Jan. 1, 1946; consequently, provisions of the Quebec Mining Act relieving holders of mining claims and development licenses from the obligation of performing the work required by section 79, will cease to be effective as from Jan. 1, 1947.

All holders of claims or development licenses expiring after Dec. 31, 1946, must therefore, in order to obtain the issue of renewal of a development license, satisfy the department that the necessary assessment work has been performed.

# Railway Earnings Show 11.7% Drop From Year Ago

MONTREAL (Staff)—Canadian Pacific and Canadian National Railways reported combined gross earnings for the first six months of 1946 at $325.6 millions, down $43 millions or 11.7% from the corresponding period in 1945. Last year's gross was the highest on record. Combined gross was still far above the 1929 peak of $254.3 millions.

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Authorized Assignor

The inspectors of the estate have directed the undermentioned trustees to offer for sale by tender the assets of the company as described herein:

The plant is modern and complete with supplies, machinery and equipment, ready to be put into operation immediately.

**LAND:**

Land of irregular shape having a frontage of approximately 400 feet on Montcalm Street, Hull, Quebec and a depth of 2,000 feet, more or less.

**BUILDINGS:**

Main Foundry, 600 feet by 100 feet; 1 Story, 60 feet high, clearance 40 feet. Office building, Garage, Storage building, Warehouse, Plant Office and Laboratory, Machine Shop, Central Heating Plant, Pattern Shop, Service Building, Building containing Plastic Plant.

**EQUIPMENT:**

The plant contains three electric furnaces, cranes, moulding machines, annealing ovens, conveyer system and shakeout equipment, sand blast machine, tumblast machine, large and small grinders and generally all other necessary equipment fixed or loose for the production of 800 tons, more or less, of steel castings per month.

**PATTERNS:**

A large number of patterns generally used in the manufacture of the company's products.

**INVENTORY AND SUPPLIES:**

The inventory consists of approximately 200 tons of steel castings in different stages of process, 1,500 tons of scrap steel, more or less; and generally other materials and supplies used in the manufacture of steel castings.

**PLASTIC PLANT:**

A separate building contains a complete plant for the manufacture of plastics.

**SERVICE BUILDING:**

The service building contains a fully equipped cafeteria, lockers and showers and other accommodation for a staff of 700 to 800 men. This building contains a fully equipped first aid room.

**OFFICE BUILDING AND EQUIPMENT**

**RAILWAY SIDING:**

There is a Canadian Pacific Railway siding parallelling the main plant.

**TERMS OF SALE:**

Tenders sealed and marked "Tender" may be addressed to LUCIEN MASSE, C.A., and A. MURRAY MILNE, C.A., TRUSTEES, 189 MAIN STREET, HULL, QUEBEC. An accepted cheque of 10% of the purchase price to accompany the tender.

Balance of the purchase price to be paid on possession or delivery.

The trustees and inspectors reserve the right to accept or reject any tenders.

The trustees do not guarantee quantities and the sale will be made as is.

Tenders will be accepted up to Thursday, August 8th, 1946 at the hour of twelve o'clock noon, Daylight-Saving Time.

The Plant will be opened for inspection during the usual business hours until August 8, 1946.

Additional informations will be furnished upon request or by telephone at Ottawa, 2-7952.

Vincentive

*Vincentive

This is the name we have given the house-organ of the Vincent Corporation. You won't find a definition for this word in the dictionary but we feel that *Vincentive is aptly descriptive of our past accomplishments and plans for the future. It is a name that is indicative of the spirit of economic adventure that is abroad in the land.

*Vincentive, combined with able direction and determination, promises a high degree of success for the diversified Mining Interests and Industrial Enterprises controlled by the Vincent Corporation.

The Corporation would be glad to mail a copy of Vincentive upon request.

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# Fire Insurance Stock Not Wise Risk For Small Investor, Executives Agree

Fire insurance company executives generally agree with Dominion Superintendent G. D. Finlayson's statement before the House of Commons Banking and Commerce committee that fire insurance stocks are a risky investment. Here are comments of those interviewed by The Financial Post.

**Executive A.** "Certainly not an investment for people who cannot afford to lose. While most of the companies in Canada are solid and in good financial condition they are always subject to conflagration losses which might cripple them for years as far as paying shareholders dividends is concerned. I think the Dominion Superintendent is on solid ground in not wanting any widespread speculation in fire and casualty company shares.

**Executive B.** "The stock is certainly speculative and not a suitable investment for the widow and the orphan or anybody dependent on a fixed income. There are undoubtedly many small companies which could not stand a bad fire; many more that would have to defer shareholders dividends for a long time. In recent years it has become sound practice not to pay shareholders' dividends out of underwriting profits, but out of interest earnings solely, underwriting surplus all going into reserve. Unfortunately some companies don't work that way; the result, they aren't building up proper reserves and may some day feel the pinch." (By underwriting profit is meant the profit left out of insurance operations exclusive of investment income.)

**Executive C.** "One reason the fire and casualty business is so hazardous is that keen competition has cut premium rates so low that companies have not a sufficient profit margin to enable them to build up their reserve position. I blame the superintendents of insurance for not stabilizing premium rates at a level that will ensure a sound underwriting position."

**Executive D:** "Both fire and casualty insurance businesses are hazardous, because subject to heavy losses. History of the business has been good but the fire companies are always exposed to conflagration losses, the casualty companies to catastrophe losses, which might prevent them paying dividends to shareholders for many years.

**Executive E:** "Companies generally have operated in a sound way, paying shareholders dividends out of investment income; but underwriting profits have been too small because competition has kept rates too low and at the same time induced the companies to broaden unduly the coverage they give. This is especially noticeable as regards the supplemental contract on the ordinary fire insurance policy and the personal property floater policy. In casualty insurance, Mr. Finlayson probably has automobile insurance in mind when he speaks of heavy losses."

## Alberta Establishes 19 New Credit Unions

EDMONTON—Nineteen new credit unions were established in Alberta in 1945, bringing the total operating in the province to 169, F. J. Fitzpatrick, provincial supervisor of co-operatives, reports

In 1945 co-operative credit unions loaned $1,594,792 to their members, an increase of $500,000 over 1944.

This was divided between 7,845 persons and represents an average of $198 each. The loans included many to assist veterans in buying homes or establishing businesses, the report shows.

Membership increased from 14,790 at the end of 1944 to 18,128 at the end of 1945. Per capita assets rose from $65.75 to $83.44. Average shareholding was $62.22.

# Life Insurance Buying Up 53% Over Last Year

Canadians and Newfoundlanders in the first six months of 1946 bought 53% more new ordinary life insurance than in the same period of 1945, the Canadian Life Insurance Officers Association reports. The $588.8 millions total is believed a new high, on the present basis of compilation. The increase is attributed to:

Plentiful supply of money.

Increased insurance consciousness of the general public, including returned service personnel, many of whom married and want to build up their insurance estate.

Lack of sales competition from such things as automobiles, washing machines and electric refrigerators.

More insurance salesmen in the field.

Another factor mentioned is the large number of employees' pension plans being sold which include an insurance feature with the annuity. These plans are proving specially attractive, because the insurance can be bought at a relative low cost. For example, suppose an employee's annuity plan called for an annual payment of $100 for an annuity of $10 a month some time in the future. By paying $6 extra, $1,000 life insurance could be added. Then if the employee dies before he starts drawing his annuity, his beneficiary would get the $1,000 insurance, but there would be no return of premiums. If the employee should leave the firm he can carry on the contract as an individual policy. These policies are included as ordinary insurance and help to swell the total.

Moreover, more parents than ever before are buying insurance on their children. The volume of children's insurance being sold is reported higher than ever before.

All provinces in Canada show substantial increases, both for June and for the six months. Figures follow:

Life Insurance Sales
Canada and Newfoundland
(000's of $)
Sales for June

| | 1946 | 1945 |
|---|---|---|
| British Columbia | 7,463 | 4,861 |
| Alberta | 5,620 | 3,765 |
| Saskatchewan | 5,086 | 3,232 |
| Manitoba | 6,248 | 4,082 |
| Ontario | 45,333 | 26,555 |
| Quebec | 27,000 | 19,179 |
| New Brunswick | 2,596 | 1,703 |
| Nova Scotia | 3,996 | 2,356 |
| Prince Edward Island | 583 | 513 |
| Newfoundland | 905 | 594 |
| Total | 104,830 | 66,840 |

Sales by Months
(000's of $)

| | 1946 | 1945 |
|---|---|---|
| Jan. | 82,572 | 58,727 |
| Feb. | 88,225 | 59,742 |
| Mar. | 102,748 | 66,195 |
| Apr. | 104,949 | 70,492 |
| May | 105,535 | 62,871 |
| June | 104,830 | 66,840 |
| July | ...... | 69,348 |
| Aug. | ...... | 80,194 |
| Sept. | ...... | 64,992 |
| Oct. | ...... | 85,583 |
| Nov. | ...... | 91,979 |
| Dec. | ...... | 82,045 |
| | | 839,008 |

Sales for Six Months
By Provinces

| | 1946 | 1945 |
|---|---|---|
| | 000 of $ | |
| British Columbia | 43,053 | 26,955 |
| Alberta | 32,167 | 22,232 |
| Saskatchewan | 23,493 | 16,474 |
| Manitoba | 33,945 | 21,178 |
| Ontario | 260,333 | 155,138 |
| Quebec | 151,501 | 111,971 |
| New Brunswick | 15,474 | 9,519 |
| Nova Scotia | 21,735 | 14,651 |
| Prince Edward Island | 2,674 | 2,553 |
| Newfoundland | 4,484 | 4,196 |

**WAWANESA MUTUAL INSURANCE CO.** reports total premiums of $2.8 millions in 1945, an increase of 9% over 1944. Losses were 39.3% of net premiums against 41% in 1944 and the ratio of expenses (other than losses) to premiums 41% against 42½% in 1944. Underwriting profit was $314,803. Insurance in force on Dec. 31 was $414.3 millions and total admitted assets $5.8 millions. Policyholders' surplus is over $3 millions. The company completed 50 years operations this year and has recorded in its annual report the progress made during that time. On Dec. 31 it claims to stand first in net fire premiums written in Alberta and Saskatchewan, second in net fire premiums in all Canada and Manitoba and second in automobile and windstorm in all Canada, third on net fire premiums in Ontario.

**PHOENIX ASSURANCE** Co. of London, England, reports net fire insurance premiums of $21.2 millions, accident premiums of $23.1 millions and marine premiums of $6.9 millions in 1945, all calculations on the basis of £1 equals $5). Total assets on Dec. 31 were $238.9 millions of which $114.4 was in the life department and $124.5 millions in the general branch. The report this year includes revenue figures from countries occupied during the war in Europe and the East. Fire insurance loss ratio was 51.8% Higher claims are reported in automobile and theft insurance, the experience being similar to that of other companies in the United Kingdom and elsewhere, the report states. The company in Canada with its associated companies in 1945 wrote total premiums of $3.7 millions on miscellaneous lines. It is licensed to write life insurance in Canada also, but its life insurance business here is small. William Lawrie is manager for Canada.

**WOOD, GUNDY & CO. LTD.** has altered its capital stock so that it now consists of 150,000 class "A" shares and 900,000 class "B" shares, all of no par value, it is announced in The Canada Gazette.

# Decline of 11% In Bank Debits

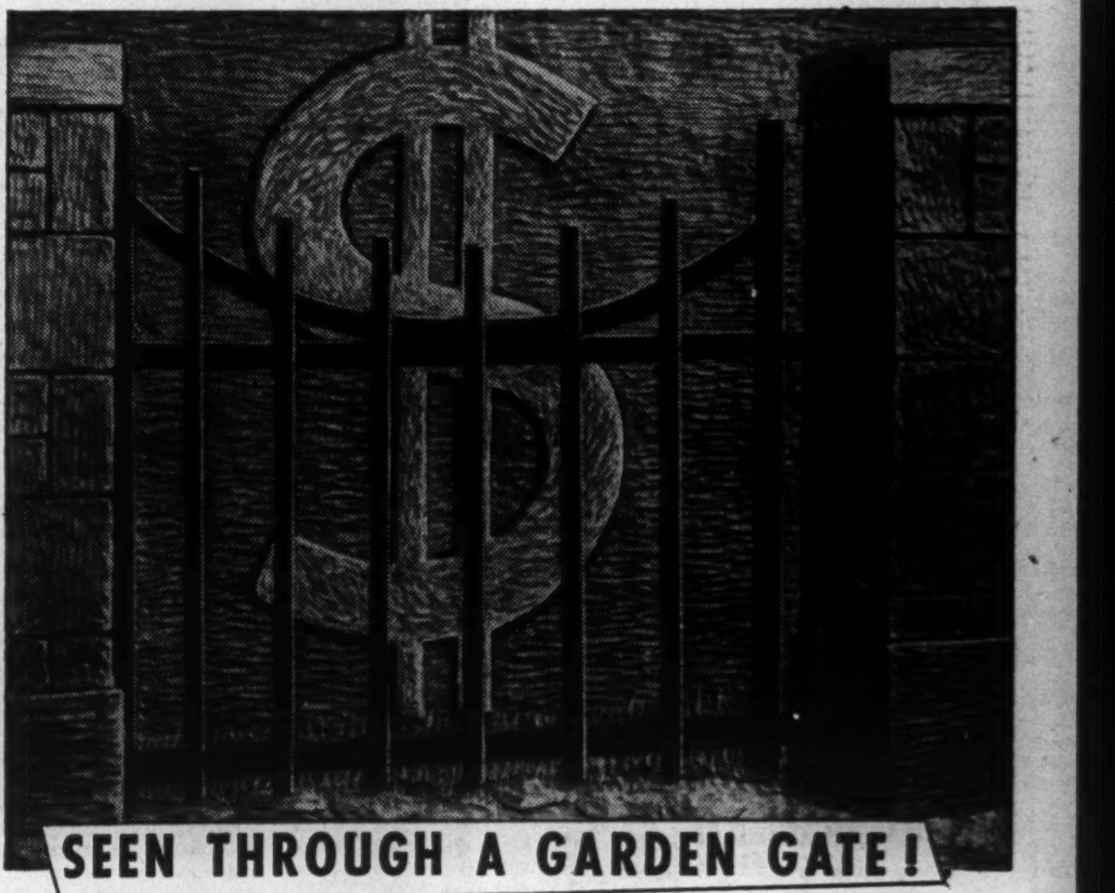
Canadians in May cashed cheques totalling $6.1 billions, about 11.3% less than in May, 1945. The high level last year reflected heavy payments on the eighth Victory loan, a factor lacking this year.

Prices of securities in May were substantially higher than a year ago, wholesale merchandise values and the cost of living were also up. The physical volume of business and level of employment were both somewhat lower.

Three of the five economic areas contributed to the decline in total debits, Quebec being down 2.9%; Ontario 20.1 and the Prairies 13.0%. The Maritimes total was up 6.6% and British Columbia 12.8%.

Debits to Individual Accounts
Millions of $

| | May 1946 | April 1946 | May 1945 |
|---|---|---|---|
| Maritimes: | | | |
| Halifax | 113.9 | 59.5 | 88.0 |
| Moncton | 24.2 | 21.0 | 22.3 |
| Saint John | 38.8 | 37.3 | 54.9 |
| Total | 176.0 | 117.8 | 165.2 |
| Quebec: | | | |
| Montreal | 1,730.4 | 1,465.5 | 1,764.8 |
| Quebec | 137.4 | 129.0 | 157.8 |
| Sherbrooke | 16.9 | 15.8 | 18.0 |
| Total | 1,884.7 | 1,610.3 | 1,940.6 |
| Ontario: | | | |
| Brantford | 24.5 | 22.6 | 27.7 |
| Chatham | 15.0 | 12.4 | 14.7 |
| Fort William | 14.6 | 13.3 | 17.3 |
| Hamilton | 125.3 | 110.8 | 141.8 |
| Kingston | 17.4 | 16.6 | 17.4 |
| Kitchener | 33.3 | 27.7 | 41.6 |
| London | 77.4 | 71.7 | 86.2 |
| Ottawa | 411.3 | 657.2 | 742.2 |
| Peterboro | 17.4 | 16.6 | 15.6 |
| St. Catharines | 21.4 | 19.6 | 28.0 |
| Sarnia | 18.5 | 16.7 | 23.8 |
| Sudbury | 13.0 | 11.5 | 11.7 |
| Toronto | 1,671.9 | 1,868.1 | 1,923.6 |
| Windsor | 85.8 | 76.9 | 91.0 |
| Total | 2,543.8 | 2,741.7 | 2,182.6 |
| Prairie Provinces: | | | |
| Brandon | 8.9 | 7.8 | 9.4 |
| Calgary | 124.6 | 111.3 | 143.5 |
| Edmonton | 99.8 | 93.4 | 114.0 |
| Lethbridge | 11.9 | 12.2 | 9.8 |
| Medicine Hat | 5.9 | 6.1 | 5.7 |
| Moose Jaw | 14.6 | 15.9 | 14.8 |
| Prince Albert | 8.5 | 8.7 | 7.3 |
| Regina | 80.7 | 83.9 | 125.1 |
| Saskatoon | 30.3 | 29.7 | 25.7 |
| Winnipeg | 625.9 | 492.1 | 707.2 |
| Total | 1,011.1 | 861.1 | 1,162.5 |
| British Columbia: | | | |
| New W'minster | 19.6 | 18.2 | 17.8 |
| Vancouver | 379.9 | 364.2 | 364.1 |
| Victoria | 100.5 | 61.0 | 61.3 |
| Total | 499.0 | 443.4 | 443.2 |
| Total for Canada | 6,115.6 | 5,774.6 | 6,894.1 |



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A garden gate of ornamental iron is a commonplace, familiar object. But—as an iron product—it opens up vistas along which can be seen many small businesses engaged in making miscellaneous iron and steel products.

Actually, there are about 170 such plants in Canada . . . employing some 34,000 men and women. And this employment average of 200 Canadians in each plant holds good throughout Canada's entire iron and steel industry . . . which employs about 400,000 in nearly 2,000 plants.

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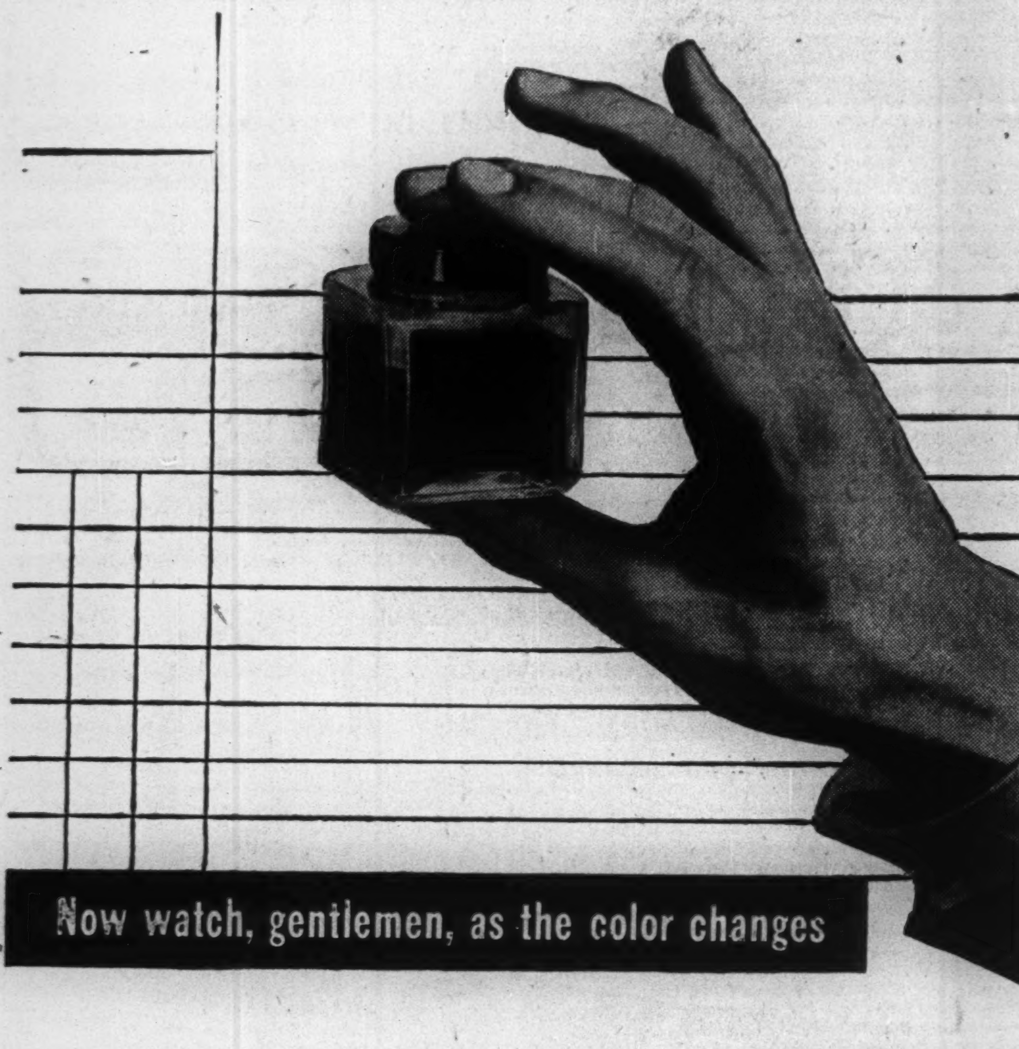
*Incorporated 1855*
B. S. Vanstone, General Manager

D13-46

**BRITISH AMERICAN BANK NOTE CO.** announces award to the Austin Co. of Toronto of the contract to build an $800,000 "controlled conditions" plant on Gladstone Ave., Ottawa. The building will be a one-story one, compared with the present four-story structure, and will eliminate double handling and gain advantage of line production for British American products, it is said.

**OGILVIE FLOUR MILLS,** Fort William Division, is spending nearly $500,000 in enlarging and developing its plant there, V. W. Maclean, division manager, announces. Experiments are being made in manufacture of starch from wheat, and it is hoped all difficulties will be overcome by the fall, Mr. Maclean said, stating that success would greatly benefit Fort William.



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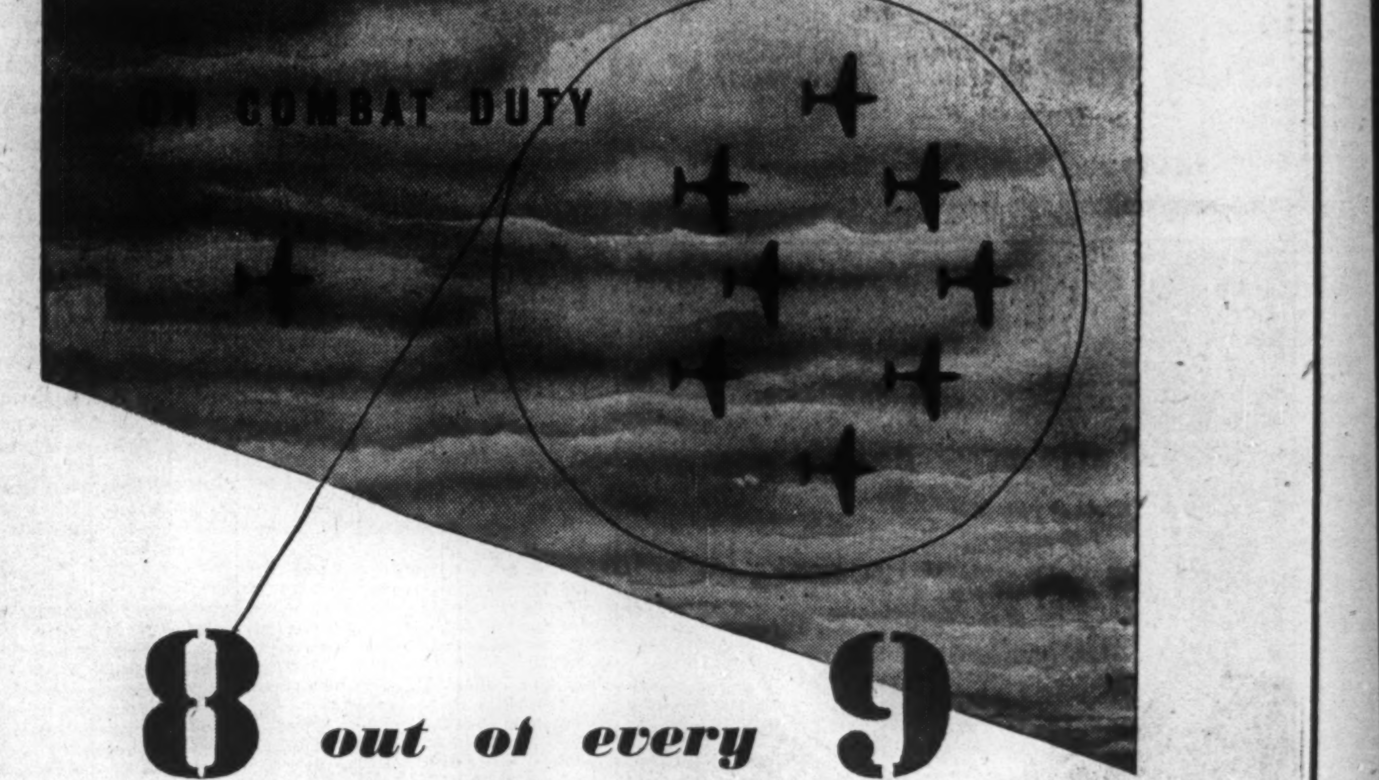

8 out of every 9
*British Naval Aircraft were Fairey types*

No fewer than eight out of every nine operational aircraft of British manufacture that were delivered to the Royal Navy from all sources in the War were Fairey types.

To-day, the FAIREY FIREFLY is officially cited as "the standard two-seat Fighter Reconnaissance Aircraft in Naval Service." It also equips squadrons of the Royal Canadian Navy and the Royal Netherlands Navy.

The new Mark IV version is now in full production.

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